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## NATIONAL POLICY AND ISSUES

### ON IMPORTANCE OF INTERNATIONAL ECONOMIC COOPERATION

HK080139 Beijing JINGJI YANJIU in Chinese No 2, 20 Feb 83 pp 56-61

[Article by Zhang Qisheng [1728 0796 3932], Wang Yanfeng [3769 1484 1496], He Wenge [0149 2429 7041], Zhao Guoheng [6392 0948 2719] and Xiao Feng [5135 2800]: "Development of Interregional Economic Combination is an Important Way to Promote the Economy of Minority Nationality Areas"]

[Text] Semifeudalism and semicolonialism in old China were the cause of the serious state of imbalance in economic development between the coastal areas and the minority nationality areas. At that time, the interregional economic relations were based on the coastal economic centers as the "radiation axis" and were developed blindly and spontaneously and commodity exchange was not made at like prices. Since the establishment of new China, the state has, concurrently with developing economic construction in the coastal areas, devoted great efforts to the development of the economy of the frontier minority nationality areas. This has brought about a rather rapid development in the economy of the latter areas. The serious state of imbalance as a heritage of history has been rectified to a certain extent. At the same time, under the guidance of the state's unified plan, and based on the principles of equality, unity and mutual aid, interregional economic relations have become more close-knit and strengthened. But it must be noted that a disparity still exists in economic development between the coastal areas and the frontier minority nationality areas and that the extent of this disparity is still rather great. Take the Nei Monggol autonomous region for example: This region has been in existence for 35 years. Over these 35 years, under the care and correct leadership of the party Central Committee and the State Council, the economic and cultural appearance of the region has undergone an earthshaking change. In 1980, the gross output value of the industry, agriculture and animal husbandry of the whole region amounted to 8.05 billion yuan, an increase of 800 percent over 1949. Of this, the gross output value of industry increased by 9,200 percent and that of animal husbandry increased by 200 percent. These were indeed great accomplishments. On the other hand, it may be noted that in territory, Nei Monggol autonomous region is 10 times larger than Jiangsu Province but in point of fiscal receipts, Jiangsu Province has 20 times the receipts of Nei Monggol autonomous region. At present, Nei Menggu is deficient in grain and in capital. Comparatively speaking, its production is backward. Its people have many livelihood problems and the region is confronting rather great difficulties in the development of production.

What is the reason for this great disparity between Nei Menggu and the advanced areas? The reasons are many; some are historical and some belong to the current time and are real. Concerning its natural conditions, the region may boast of the following: A wide and large expanse of territory, rich resources, 1.3 billion mu of grassland, 80 million mu of cultivated land, 230 million mu of forest areas, the largest number of cattle and the largest wool output of the whole country, the largest deposit of rare earth resources in the whole world, second largest coal deposits in the whole country, and deposits of ferrous, nonferrous and nonmetallic mining resources of great significance to the whole country. It is entirely possible to make use of these resources for the development of the forestry and animal husbandry industries, development of agriculture and of the light and textiles industries, food industry and sugar refining industry centered on the agricultural and animal husbandry products, and also the development of the metallurgical, mining, building materials, chemicals and energy industries. However the foregoing only constitutes superiority in resources. Although over the past 30 years, with the support of the state, the region has set up a number of establishments in various fields such as iron and steel, coal, electric power, forestry and textiles, still, due to lack of capital and technical knowhow, its abundant natural resources are lying idle. For example, one of the region's most outstanding and superior features is its plentiful coal resources. It has at least four large coal mines with confirmed coal deposits of over 10 billion tons each. Or, to take another example, the forest resources of the Daxingan mountains constitute another superior feature of the region. At present, some 45 percent of these forest areas and some 270 million cubic meters of timber in their primeval forests have not yet been developed on account of transportation difficulties. Of these forests, at least one portion is known to be well past the mature stage. If not developed in time, the timber there will rot and become useless. Moreover, Nei Menggu's soil is particularly suitable for the planting of beet. The per mu yield of beet and the sugar content of beet are known to be quite high. This is indeed a natural endowment. Especially since the implementation of the agricultural production responsibility system, output of beet has practically doubled. Existing sugar refineries in the region have found that whereas formerly they did not have sufficient raw materials, now they have too much and, as a result, the areas devoted to beet planting have been restricted. Thus, the region is unable to bring the superior nature of its beet growing into full play.

There is an even greater disparity between the Nei Monggol autonomous region and the coastal areas in the management and operation level and the production and technological level of the existing enterprises. For example, Hohhot City is a relatively developed medium-sized city in the Nei Monggol autonomous region. Its fixed assets are comparable with those of Suzhou, Ghangzhou and Wuxi of Jiangsu Province. But the profit ratio realized from its fixed assets is only 6.5 percent of that of Changzhou, 5.6 percent of that of Suzhou and 5.9 percent of that of Wuxi. Its backward management methods and low production and technical level have brought about such results as a high consumption rate of raw materials, high production costs, low quality of products, poor economic results and lack of competitive power. Hence, despite the growth rate of the gross value of industrial output not being too slow, the yield of fiscal receipts is very small. In some years the growth of

fiscal revenue was inversely proportional to the growth in industrial output value.

All the above clearly shows that if a region is superior in resources but at the same time deficient in capital and technology, development of its economy is well-nigh impossible. Insufficiency or lack of capital funds, low management and technological levels, and poor economic results are the three stumbling blocks obstructing the road to the four modernizations insofar as the nationalities in the border areas are concerned. Only by removing these stumbling blocks can the economy of these frontier nationality areas be developed and can there be an appearance of a new overall situation in socialist-modernized construction.

Naturally, development of the economy of the frontier nationality areas still needs hard work under the guidance of the policy of taking the whole country as one chessboard, linking together government and and regeneration and self-reliance, and dependence on people of the different nationalities in the areas actively exerting their utmost efforts. However, in our opinion, strengthening their economic combination and technological cooperation with the coastal areas can effectively promote development of the economy of the frontier nationality areas. Generally speaking, the coastal areas and the relatively economically developed areas command the superiority of possessing relatively more capital funds and advanced management methods and technology but are relatively weak in natural resources. If industrially developed provinces and municipalities wish to maintain their relatively high development speed, they must overcome their weakness in the point of natural resources. If the border nationality areas wish to develop their own economies and speedily reduce the disparity between themselves and the advanced areas, they must overcome their weak points of being short of capital funds and low in management and technology level. In opening up interregional economic combination (including cooperation in technology and natural resources), industrially developed provinces and municipalities should make their superior position in capital funds and in technology join forces with the superiority of the nationality areas in resources, and go to the nationality areas to undertake joint mining projects or establish plants. Or, they may use their advanced technology and advanced management experience to assist the nationality areas in performing well the jobs of tapping potentials, reforms and renovation. At the same time, the resources of the nationality areas, since they join forces with the superior position in capital and technology of the advanced provinces and municipalities, can be developed and utilized, and the economic results of the existing enterprises will be greatly elevated. In this way, the superior points of both sides can be brought into full play and their weak points can be rectified. This will promote the joint development of their economy and both parties will benefit. Hence, the road of combination is a road whereby the economically developed provinces and municipalities and the frontier nationality areas can mutually bring their talents into full play, avoid their shortcomings, and achieve joint development and joint benefits.

Obviously, in this kind of mutual aid and cooperation relationship, the economically nondeveloped areas enjoy greater benefits whereas the economically developed areas may also find in the cooperation a way out of their difficulties of the lack or shortage of energy, raw materials and subsidiary materials.



For example, Hohhot City has been supplying coal to Wuxi City every year. This has helped the latter to overcome the state of coal shortage gravely affecting the operation ratio of plants and production expansion. It is estimated that in Wuxi City, acquisition of each 10,000 tons of industrial coal can bring about an increase of 50 million yuan in output value. If Hohhot City can supply 100,000 tons of coal to Wuxi each year, then the latter can increase its gross industrial output value and profits and taxes by 10 percent each.

It can thus be seen that economic combination and technological cooperation between the economically developed areas along the coast and the minority nationality areas at the border are needed by the former to maintain a relatively high speed of development and are also needed by the latter for the development of their economies. It can also be said that implementation of interregional economic cooperation can bring the superior features of both the country and the Chinese people into fuller play. Hence, development of interregional economic cooperation also meets the needs of China's development. Forecasting that capitalism would attain a certain stage of development, Karl Marx pointed out: "Social cooperation in production is only the manifestation of an all-suppressive natural law ignoring the individual's freedom and wishes. (Karl Marx, "Das Kapital," vol 3, People's Publishing House, 1975 edition, pp 996-997). We do not expect Marx to have planned for us beforehand the form of economic cooperation under the socialist system, but specialization and cooperativization are the objective demands and the natural trend of development following the social productive force having reached a certain stage of development. This is an objective law unaffected by the difference in social systems. Under socialist conditions, because we take communist thought as the basis, socialist planned economy as guidance, and the principles of mutual aid and mutual benefit as the logical premises, we can make an even better use of this law to make the socialist productive forces attain a high speed of development. Actual practices in Nei Monggu have shown that we are entirely capable of mastering and handling this objective law.

## II

In 1981, the State Council, in a "directive in reply to certain questions raised at the North China Regional Conference on Economic and Technological Cooperation" pointed out: "The development of interregional economic and technological cooperation is beneficial to economic readjustment, to tapping the hidden potentials of various quarters and to improving economic results. Its direction is a correct one and should be supported." In the observance of this directive of the State Council, Nei Monggol autonomous region was the first to have entered into economic and technological combination and cooperation with the economically developed areas. Following a year's actual practice, it is initially found that the active and vigorous development of economic combination and technological cooperation with the economically developed areas possesses not only a realistic economic significance but also a deep and far-reaching political significance.

## 1. Beneficial to Economic Readjustment.

Because of the effects of "leftist" thought over prolonged period of time, Nei Menggu's economic structure has become extremely irrational and has lost the special nationality and locality features of an autonomous region. Since the 3d Plenary session of the 11th CPC Central Committee, this situation has been gradually improved. In particular, since the second half of 1981, the region has fully implemented an important directive from the party Central Committee specifying the region's construction [word illegible] "Centering on forestry and animal husbandry and engaging in diversified operations." This has promoted the development of the national economy in the autonomous region in a planned and proportioned manner and in the direction of conformity with the special features of the nationality and of the region, and this has met with rather great successes. However, the serious situation of the industrial structure being extremely irrational has not been fundamentally rectified. As a result, despite utmost efforts, the speed of development of forestry, animal husbandry, agriculture, the light and textile industries, and the leather, food, and sugar-refining industries, all of which depend on agricultural and animal husbandry products for purposes of processing, still has been greatly restricted, depending solely on the financial power of the autonomous region, these various industries and departments can hardly hope to escalate their development. However, since the convention of the North China Regional Conference on Economic and Technological Cooperation, this situation has begun to change. Acceleration of economic cooperation with the economically developed areas has solved to a certain extent the problem of the autonomous region being short of funds and at the same time has stepped up the development speed of the above-mentioned industries, trades and departments. It has also helped the readjustment of the region's economic structure.

## 2. Beneficial to the reduction of the disparity between the frontier minority nationality areas and the economically developed areas, to consolidation of the motherland's unification and to strengthening national unity.

Under the socialist conditions of the banishment of the system of oppression over the minority nationalities, the problem of the minority nationalities, basically speaking, is an economic one. Leadership comrades of the central authorities, at their meeting in 1981 with members of the delegation of the minority nationalities who had come to attend the national day festivities, clearly pointed out the following: That the work on the minority nationalities must be done well; that national unity must be strengthened and that "the basic task should be to improve the economy of the minority nationalities." Owing to historical reasons, a factual inequality in economic and cultural affairs still exists among the people and races of our country. Our socialist system has already paved the way to banishing this type of factual inequality and elimination of this inequality is one of the basic tasks confronting the proletariat in solving social problems. In order to eliminate this factual inequality in the economic and culture spheres, what we can do is to step up the cultural and economic development of the minority nationalities and narrow the differential between the frontier minority nationality areas and the economically developed areas.

According to statistics, among the 29 provinces, municipalities and autonomous regions of the whole country (not including Taiwan), with the exception of Guangxi and Yunnan, those areas reporting a gross industrial and agricultural output value of less than 10 billion yuan each in 1980 were all in the frontier minority nationality areas. (National Bureau of Statistics, compilation department: "What is the per capita wealth production in our country?" LIAOWANG, Issue No. 6, 1982) The disparity between the frontier minority nationality areas and the economically developed areas is thus rather great. A relevant department in Hohhot City has made an estimate as follows: If the advanced technology and management experiences of Wuxi City, even at the 1981 level, were transferred to Hohhot City, then even though not much new investments was made, it would not be long before the 820 million yuan of fixed assets of Hohhot City could increase its output value by 229 percent, the per capita industrial output value would increase by 390 percent and the profits and taxes derived from each 100 yuan of fixed assets would increase by 218 percent. This would entitle Hohhot City to be ranked, at an early date, among the advanced cities and towns of the country. For example, the Hohhot No. 2 Paper Mill started construction in 1969. It went into production in the second half of 1972. The cost to the state in capital construction investment amounted to over 6 million yuan, of which the resulting fixed assets amounted to over 5.8 million yuan. Since it went into production, it has suffered losses every year. Up to the end of 1981, its accumulated losses had amounted to some 6,478,000 yuan. Thus, not only the capital investments had not been recovered but also literally speaking the losses incurred were equivalent to the cost of a second paper mill. In March 1982, the mill sent a delegation of its leadership cadres and specialized management personnel to the Wuxi Liyong Paper Mill to study the latter's production methods. In April, the Liyong Mill dispatched a delegation led by the deputy head of its technical department to the Hohhot Mill to conduct an on-the-spot study and survey. Forthwith, the delegation made a set of 24 recommendations. With the help of personnel from the Liyong Mill, the Hohhot Mill was able, commencing from May, to greatly change its production appearance and the economic results were immediately changed. Its gross output value for that month increased by 59.7 percent over the corresponding period of last year. Other improvements were as follows: Output volume, an increase of 60.2 percent; gross consumption rate per ton of paper pulp, a reduction of 18.5 percent; pulp consumption rate per ton of paper production, reduction of 31.8 percent; production cost of paper for relief printing, reduction of 71.2 percent; and labor productivity rate, a rise of 64.8 percent. Its profits in May amounted to over 40,000 yuan and by June of the same year, it had already removed its cap of having been in the red continuously for the past 10 years. On this basis, it can be assumed that if the frontier minority nationality areas, heavily aided by the state, can take the road of combination and cooperation, then the differential between the localities can be speedily reduced and the relations between the races can become closer. This will help in speedily eliminating the existing inequality between the various races of people which we have inherited from history.

3. Beneficial to improving the management and technological level and economic results in the frontier minority nationality areas.

Improvement of the technological level and economic results must start from the existing foundation in a planned manner and from selectively absorbing and digesting the advanced technology and experiences found to have been effective in the economically developed areas. This is the kind of experiences which can be learned and put to good use. Their concrete form is found in developing technological cooperation with the economically developed areas. Since it is a form of cooperation, it means that both parties can derive some benefits therefrom. This carries a further kind of significance which is that the two parties to the cooperation must form an economic entity. This concrete entity manifests the economic interests of both sides and their community of interests, be they good or bad. This makes it necessary for both parties to display to the greatest extent their enthusiasm and their initiative. For example, since the signing of an economic and technological cooperation agreement between Hohhot City and Wuxi City, the latter has taken up the responsibility of extending technical aid to some 89 projects of Hohhot's textile, electronics, machine-building, chemicals and light industries. Wuxi has also undertaken to make a million yuan noninterest bearing loan to Hohhot while the latter will supply Wuxi each year with 100,000 tons of coal. The agreement went into effect as from 10 February 1982, following which, in the last 10-day period of March, Wuxi dispatched to Hohhot a 20-member technical delegation comprising a chief engineer, a number of engineers, plant directors, workshop captains, technicians, accountants and management cadres. The delegation at once went ahead with helping some of the enterprises in Hohhot to improve their management methods and to solve knotty technical problems. In one month, the delegation succeeded in solving a large number of concrete problems and achieved outstanding economic results. Actual practice has thus shown that in initiating economic combination and technological cooperation activities with the economically advanced areas, the frontier minority nationality areas have in reality taken an effective road which requires little investment, achieves quick effects and improves economic results. Technological cooperation does not replace "mouth-to-mouth aid," or direct and outright aid, which has already been going on. Rather, both can take place at the same time, without affecting each other, and thus obtain their common objective of improving the management, technological level and economic results of the frontier nationality areas.

4. Beneficial to the frontier nationality areas in providing employment to workers and in training up their own specialized workers, management cadres and technical personnel, within a short period of time.

Employment represents a big social problem. It is related to the financial interests of thousands of families. Take for example the case of the Nei Monggol autonomous region: At present, there are 280,000 youths awaiting employment in the region. The basic road to a solution of this problem is to open wide the doors of employment and to develop production. After the North China Regional Conference on Economic and Technological cooperation, there were a number of cooperation projects between the Nei Monggol autonomous region and its brotherly provinces and municipalities. The principal ones among them were the so-called "three-board and one-road" project (a chip-board plant, a plywood plant, a fibre board plant and a 200 meter-long highway), three large sugar-refining mills capable of handling 1,000 tons of beet daily, and a coal mine with a capacity of 500,000 tons of coal a year. If the capital

needed for these projects is available, and if construction of the projects can be started and the agreements implemented on schedule, then jobs can be provided for 120,000 to 150,000 workers. At the same time, since economic cooperation denotes a community of interests between the two parties, the personnel dispatched by the brotherly provinces and municipalities will without any reservation impart as a whole their management experience and advanced technology. Personnel of the nationality areas will thus be able to learn directly and readily these experiences and technology. The effects will be far better than merely inviting people to come and give lessons or sending people abroad. Indeed, actual practices will bring out the truth. The technical personnel, administrative cadres and workers of our nationalities, following the actual practices of cooperating and working with personnel from the brotherly provinces and municipalities can in a short period of time learn from and acquire the advanced experiences and advanced technology of their brethren tutors and greatly augment their own talents. It should be acknowledged that this represents a quick road and a short cut in training up workers, technical personnel and administrative workers for the nationalities.

5. Beneficial to breaking the bonds of old traditions and rules, emancipating the productive forces, enlivening the economy and bringing two sources of enthusiasm into full play.

For over 30 years, the economic control system of our country has taken the form of a vertical type of relations while relations of the horizontal type have been frequently trespassed upon and it has also happened that an economic blockade was occasionally in force between the localities. However, between the localities, economic and technological cooperation should principally take the form of horizontal economic relations. This type of horizontal relationship is an important measure to promote the enthusiasm and incentive of the localities. The proper measure should be: We must be bold enough to break through the barriers in our practices but, at the same time, should proceed cautiously and give the first place of importance to attaining good economic results. If only we can follow the guidance of the state plan and organize our work meticulously, we should be able to break through the barriers. In fact, following continuous efforts on our part, we may even transform these forces of hindrance into motive forces for our own use. For example: The Miandu He Forestry Bureau in the Da-xing-an-ling mountains of Nei Menggu has in its area some 20 million cubic meters of timber reserves of which timber from the mature forests and overmature forests amounts to some 7.6 million cubic meters. It is estimated that an investment of some 3.6 million yuan in the construction of a 60 km long forest highway will help in solving the tree-felling problem of the mature forests and overmature forests. However, because the autonomous region lacked the necessary capital construction funds, construction of the forest highway was repeatedly put off. Subsequently, following consultations with the municipalities of Jiangsu and Zhejiang provinces, the latter agreed to offer a loan for the construction of the highway. The loan would be noninterest bearing and would be available for use for three years. In return, the Miandu He Forestry Bureau agreed to sell to the other party, at state purchase prices, 60 cubic meters of timber for each 10,000-yuan of loan investment. On top of the above basic price, the municipalities in the two provinces agreed to pay an additional sum of

100 yuan on each 1 cubic meter of timber as a special subsidy to the raw materials areas. Both parties have now signed an agreement on this loan project. When this agreement goes into effect, the two provinces will be able to procure at state purchase price some 20,000 cubic meters of timber to make up for the insufficient quantity of timber allocated by the state. On the part of the Nei Monggol autonomous region, this loan helps to make up for insufficient investments from the state. At the same time, it helps to promote the development of the forestry enterprises. As for the Miandu He Forestry Bureau, aside from procuring new tree-felling capacity of 20,000 cubic meters of timber and increasing its income by 4 million yuan, each year it can achieve savings of over 60,000 yuan in transport expenses as well as the afforestation of an area of over 10,000 mu. This is indeed breaking through the bonds of traditional rules and regulations and bringing the enthusiasm and incentive of a locality into full play. It further illustrates that the process of developing interregional economic combination and cooperation is a practice in, and promotion of, reforms of the economic management system. It also illustrates that in order to enliven the economy, dependence on only one source of enthusiasm is not enough but must include fully stirring up the enthusiasm of the two parties.

### III

Economic combination and cooperation in technology and material resources between the frontier nationality areas and the economically developed provinces and municipalities constitutes a new element in the planned economy of our country. Its appearance denotes a new type of socialist economic relations and also a new type of socialist relations between the nationalities. Its initial practice has already shown that it is endowed with a vigorous vitality and exceedingly broad development prospects. However, to enable this newborn thing to grow and develop in a healthy manner, there are still many problems requiring our study, investigation and solution.

1. What kind of relations exist between interregional economic and technological cooperation and planned regulation? Since interregional economic and technological cooperation is a constituent part of socialist economy, it must adhere firmly to the principle that planned economy is the main factor and regulation by market mechanism is the subordinate factor. We must be able to arouse the enthusiasm of all relevant parties, including the central authorities, local authorities and enterprises and at the same time incorporate the enthusiasm of the various sectors into a planned road of development. We must truly attain such a situation of being "rigidly controlled but still surviving; and alive and not in a state of discord." From the actual practices in economic and technological cooperation in Hohhot City, it is found that big and important cooperation projects frequently encounter problems of liaison and balancing between the localities, between the departments and between localities and departments; there must be separate planning at each level. In this way, blind ventures can be avoided, repercussions on the state budget can also be avoided, and the various stages of economic and technological cooperation can be linked together.

Naturally, economic and technological cooperation involves rather complex economic activities. It is not possible that all projects, big and small, can be incorporated into a plan. Too tight a control will restrain the enthusiasm and incentive of the various quarters and this would be against the objective of enlivening the economy. In our opinion, we must first ensure that the assigned tasks under the state plan and transfer targets are attended to and fulfilled and are in conformity with social needs. Following that, the remaining portion of materials and funds can and should be allowed to be deployed for the development of economic and technological cooperation. Indeed, the localities and enterprises should be endowed with appropriate autonomous power in management and operation and the departments in control should not indulge in undue or excessive interference. In a word, if economic and technological cooperation is divorced from the guidance of the state plan or if control over it is too tight, then in either case it will lose its vitality and good economic results cannot be achieved.

2. Economic and technological cooperation must be organized and guided according to the principles of mutual aid and mutual benefit, advantages to both parties, being practical and realistic being fair and reasonable, and voluntary combination. Any economic activity has its own internal law of regulation. Socialist economy is planned economy but also advocates commodity production under planned guidance, and the law of value still plays its role in the market. The enterprises are relatively speaking independent production units, possessing their own independent economic interests. Under the central financial system of contracting work under "separate cooking ovens," the localities still have their own interests. Any form of economic and technological cooperation which violates the principles of economic interests cannot be sustaining and cannot achieve good results. Therefore, interregional cooperation activities must possess a spirit of fairness which conforms to economic laws and to policy demands. At the same time, they must be able to regulate rationally the interests of the parties concerned. A policy of compensatory transfer of technology must be adopted, so that the parties to the cooperation project can all be benefitted and any contradiction between style and interests can be readily eradicated. Generally speaking, the localities importing the technology should be benefitted while the localities exporting the technology should be similarly benefitted by means of the supply of resources from the localities importing their technology.

Since economic and technological cooperation is related to the interests and responsibilities of the parties concerned, the agreement or contract must be protected by law. Before promulgation by the state of the necessary economic statutes, the parties concerned, after having reached an agreement in prior consultations, should formally sign an agreement or contract. The contract should be submitted to the department in charge for examination and be reported to and approved by the local authorities or by the departments concurrently taking charge of matters of economic and technological cooperation and stationed in the localities. The parties should respect the contract, be trustworthy, strictly abide by the contract provisions and should in no way unilaterally break the agreement. Changes in the provisions of the agreement should first be through consultations by the parties and a supplementary agreement should be signed. The party violating the agreement should bear the economic responsibilities.

3. The organization and leadership of interregional economic and technological cooperation should be conducted by a combination of methods including administrative intervention and employment of economic rules and regulations. Cooperation covers the entire economic process and is related to various factors such as production, exchange and distribution. It concerns both the inside and outside of the localities as well as the various economic departments, enterprises and individuals. If it must follow a planned road and operate in normal observance of the state's policies and statutes, it is absolutely necessary to have in operation authoritative and administrative intervention or regulation which attends to overall planning, regulation, arbitration and supervision. But this form of intervention must conform to economic laws. If it is improperly implemented, it may assume the form of bureaucratic tactics which stifle economic and technological cooperation. Indeed, if we wish to enliven economic and technological cooperation, we should resort to such measures as providing economic intelligence and economic forecasts and making timely readjustment of the percentage distribution of receipts and profits or readjusting the basis for collection of fees or other forms and receipts. This can arouse the enthusiasm and incentive of various parties.

For the purpose of strengthening guidance over economic and technological cooperation, the Nei Monggol autonomous region and Hohhot City have one after the other established their own offices in charge of this category of work. This organization is a functionary department of the government and takes charge of a portion of the economic control functions of the state. Externally, it is entrusted by the government of the locality with functioning as its "extraordinary" representative in matters concerning economic and technological cooperation. Internally, it takes charge of the overall planning and handling of the principal activities in economic and technological cooperation of the locality's departments, enterprises and individuals. Concerning such complex work as economic and technological cooperation which touches on the economic interests of various quarters, it is absolutely necessary to have in existence an authoritative organ which attends to the functions of supervision and arbitration.

4. In what way should we conduct this economic and technological cooperation work? The method employed by the Nei Monggol autonomous region is: Assumption of a positive attitude and taking firm and safe steps. A positive attitude means that, based on the principles of equality, mutual benefit and joint development, we positively and with initiative enter into consultations with our brotherly areas. Since the development of interregional economic combination meets the common wishes of two sides, being needed by the economically developed areas and even more so by the frontier nationality areas, the question of "who asks whom" does not exist. If economic combination is erroneously taken as the other side asking for favors and if in consequence we should regard the resources of our areas as "rarities," then in attitude we would be pessimistic and passive, and the consultations could hardly yield any concrete results. It should be pointed out that in wishing to combine or cooperate with the frontier nationality areas, the opposite side is moved by the following considerations: 1) That the resources in the nationality areas are relatively more plentiful and have a full complement of varieties; and 2) that the party Central Committee and the State Council have all along stressed that the advanced areas should render aid to the backward areas,



particularly the nationality areas. The other side is therefore willing to make use of its capital funds and advanced technology to combine with the resources of the nationality areas and jointly to undertake development work. On the part of the nationality areas, they have suffered deeply from acute capital shortage and backward technology. They feel that if they could enter into economic combination with their brotherly areas, the utilization rate of their resources would be greatly heightened and the progress of the four modernizations in their areas would be accelerated. For this reason, they warmly welcome their brotherly areas to come and invest in their regions or dispatch their personnel to render them aid. The cooperation agreement provides that the parties should each be given a due share of the products (or profit earnings) of the joint projects. In this way, both parties willingly take part in the cooperation and are mutually benefitted. While one party is helping the other side, it is in reality helping itself. Insofar as the frontier nationality areas are concerned, only in taking a positive and enterprising attitude and extensively looking for means to enrich themselves and perform a good job of economic combination can they solve the problems of the lack of funds for capital construction and backwardness in technology and can they gradually narrow the gap between them and the advanced areas, reaching the front ranks of the advanced. As for what we mentioned above, that the steps taken must be firm and safe, it had reference to the method for developing interregional economic combination. It meant that prior to entering into consultations with the opposite party, we must first make a detailed study of and research the actual conditions in our own locality or department or enterprise and then select the most suitable project or product which can offer the largest economic results. This is "knowing one's self." At the same time, it is also necessary to have first made a careful investigation and study of the opposite party and to have a clear knowledge of its strong and weak points. This is knowing the other party. Thus, after knowing one's self and knowing the other party, we can then invite the other party to send its representative or personnel or dispatch our own personnel and proceed with the talks. We should always be able to command the initiative in the consultations.

5. Cooperation in material resources, particularly in so-called "short line" goods is frequently the basis and logical premise for the development of interregional economic and technological cooperation. Not to have a definite quantity of "short-line" goods in store will make it rather difficult to attract investment or technology from the brotherly regions. Coal, timber, sugar, leather and feather goods all constitute the most wanted "short-line" goods for national construction and for the markets (including international markets), whether we look at it from a short-term view or a long-term view. The nationality areas should in a planned manner arrange to produce more of the goods, over and above ensuring fulfillment of the state's requirements. Once a plan is made to increase production, it should be dutifully fulfilled to show our trustworthiness in the eyes of the brotherly provinces and municipalities.

Interregional economic combination and cooperation in technology and material resources is an emerging thing in keeping with the trend of development. In the course of its progress, problems may arise here and there. However, if only leadership work is strengthened and the objective economic laws are strictly followed, these problems can be readily solved. Indeed, the tide of combination is hardly resistible.

## NATIONAL POLICY AND ISSUES

### COMMERCE MUST PROMOTE, GUIDE PRODUCTION

Chengdu SICHUAN RIBAO in Chinese 3 Feb 83 p 3

[Article by Gao Shunian [7559 2873 1628]]

[Text] The report of the party's 12th Congress pointed out: "The quality of commerce work directly influences industrial and agricultural production and the people's living. The importance of the issue has manifested itself ever more clearly in China's economic development." Thus, we must "fully develop the role of commerce in promoting and guiding production, ensuring supply and bringing prosperity to the economy." Whether in theory or in practice, the Party Central Committee's proposal that commerce must promote and guide production has an extremely important significance.

For a long time, when handling the relations between production and circulation, people often stressed the fact that production determined circulation and that commerce must serve production, and overlooked the dynamic counteraction of circulation on production. Under the influence of this one-sided ideological understanding, the initiative of commerce was not fully developed, forming the situation of purchasing only what was produced and as much as produced. As the role of commerce in promoting and guiding production was not properly developed, commodity production was pursued blindly, often out of line with market need. After the 3d Plenary Session of the 11th Party Central Committee, the Party Central Committee adopted a series of reform measures, thereby gradually ameliorating somewhat the situation of "determining marketing by production" and "misalignment between production and marketing" and beginning to introduce the principle of "determining production by need." However, for the broad cadre masses, in their ideological understanding, to truly place production and circulation in their proper positions and to comprehensively recognize, in theory, the relations between commerce work and production, the issue has not been completely solved. Currently, the Party Central Committee demands that commerce develop its role in promoting and guiding production and that circulation bring to full play its dynamic role. By studying the Marxist theory on reproduction in

conjunction with this issue, we will overcome our one-sidedness in understanding and master the subject.

According to the Marxist theory, the course of social reproduction includes the entire process of production, distribution, circulation and consumption. Production is the starting point, circulation and distribution the intermediate links and consumption the final point. Production "produces the object, pattern and impetus of consumption;" consumption is "the final completion of the product" and "proposes in concept the object of production as an inner image, a need and an impetus and goal." ("Selected Works of Marx and Engels," Vol 2, pp 95, 94). Consumption is an important component of reproduction and an indispensable link. In a socialist society, the living consumption of individuals is not only an important condition to the smooth progress of social reproduction, but also its basic goal. The goal of socialist production is to continuously satisfy the people's growing material and cultural needs. Therefore, in the relations between production and consumption, not only the level of production determines the level of consumption, but production must subordinate itself to the basic goal of satisfying the people's consumptive needs. Meanwhile, under socialized mass production and the existence of commodity production and exchange, production, to serve consumption, must pass through circulation, the intermediate link. Once a product is produced, it must travel across the bridge of circulation before it can move from production, the "starting point," to consumption, the "final point." When a product is on the point of moving from the realm of production to that of circulation, the commerce branch represents the needs and desires of the consumers before the production branch. It may and must start from the consumers' needs, propose concrete demands on the production branch, render support and guidance to it, and guide it to earnestly satisfy the people's consumptive needs. Therefore, whether the production branch can readjust the structure of its products according to the guidance of the commerce branch (naturally, the guidance must conform to the desires of the broad consumers) becomes a major matter linked with its success or failure. If, like what Stalin said, production which is disjointed from social need will decline and vanish, then we can likewise say that blind production in disregard of the guidance rendered by the commerce branch which is compatible with the consumptive reality will also decline and vanish. To reduce blindness and enhance consciousness, the documents of the 12th Party Congress clearly proposed that commerce develop its role in promoting and guiding production. It is a basic principle based on the Marxist theory on social reproduction and a higher and stricter demand on commerce work.

How do we properly handle the relations between circulation and production and fully develop the role of commerce in promoting and guiding production? First, the commerce branch must utilize its wide range of contact and sensitive reaction, constantly clarify the conditions of supply and demand and the developmental tendency, strengthen its market forecasting, and provide the production branch with reliable information for a given

time, in order to enable it to offer samples of new products and new designs and colors. Only by so doing will it be able to accurately master the trend of demand, promptly readjust its product structure, attain the stage of producing the first batch, trial manufacturing the second and researching the third, continuously renew its products and satisfy the needs of the consumers. Second, the commerce branch must, on the basis of earnestly summarizing experiences, conscientiously improve its work. It must reduce the links to the minimum, vigorously clear, enlarge and increase the channels of circulation, ensure the free flow of commodities, and make the best use of everything. It must, by the shortest route, the minimum expense and the fastest time, deliver high quality and low cost commodities already produced into the hands of consumers and develop its role in guaranteeing supply and prospering the economy. I feel that, in the documents of the 12th Party Congress, placing "guaranteeing supply" ahead of "prospering the economy" helps greatly in explaining the role of circulation in promoting production. Only by more consciously satisfying the people's needs and guaranteeing supply will we activate more successfully the enthusiasm of the masses, develop production more effectively, and bring prosperity to the socialist economy. The goal of prospering the economy is to satisfy the people's needs, and only by starting from satisfying their needs will we bring prosperity to the economy more rapidly. Naturally, satisfying the people's needs includes both their long-range and current needs. Built on the basis of production development, it does not mean permitting the rate of improvement of the living standard to exceed that of the growth of production in disregard of the feasibilities. This principle is obviously not hard to understand.

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## NATIONAL POLICY AND ISSUES

### RELATION BETWEEN ACCUMULATION, CONSUMPTION DISCUSSED

Chengdu SICHUAN RIBAO in Chinese 3 Feb 83 p 3

[Article by Tian Shangeng [3944 0810 5087]: "A Basic Principle to Guide China's Economic Work"]

[Text] "One, we must eat; two, we must build." These words of Comrade Chen Yun's constitute a basic principle to guide China's economic work. It accurately and descriptively explains how we should regard the issue of developing production and improving the people's living in our economic work and relates to the correct handling of the important proportionate relations between accumulation and consumption in the socialist economic construction.

The relation between accumulation and consumption is a comprehensive one among the important proportionate relations in the national economy. In the distribution of national income in a socialist society, the accumulated funds are mainly used for expanded reproduction, and the consumptive funds for satisfying the people's current material and cultural needs. The growth of socialist accumulations benefits the smooth progress of the expanded reproduction and the continuous improvement of the people's material and cultural living standards on the basis of production development. Therefore, the basic interests of accumulation and consumption are identical. However, as the national income within a given period is of a given amount, certain contradictions exist in the quantitative division between accumulation and consumption. When the accumulated funds are too little, it will affect the scale of expanded reproduction and the rate of economic development; when the consumptive funds are too little, it will affect the improvement of the people's current material and cultural living standards. The contradiction is concentratively reflected in the relation between speeding up the economic construction and improving the people's living, between the current and long-range interests of the laborers, and among the interests of the state, the collective and the individual. Therefore, properly handling the relation between accumulation and consumption according to the principle of "one, we must eat; two, we must build" will enable us to make appropriate arrangements of

of the proportions between the development of production construction and the improvement of the people's living as well as those among agriculture, light industry and heavy industry, within agriculture and industry and between production and capital construction.

This important principle demands that, when handling the relation between accumulation and consumption, we gradually improve the people's living while continuously developing production. Socialist production develops according to the basic socialist economic laws. Accumulation and expanded reproduction are not the goal of socialist production, but the means of its realization. The continuous satisfaction of the people's growing material and cultural needs is the only basic goal of socialist production and construction. Therefore, we must not accumulate for the sake of accumulation, nor produce for the sake of production. We can only base the increase in accumulation, i.e., the expansion of the production scale, on the gradual improvement of the people's living in normal years. For a fairly long time in the past, due to the "leftwing" influence on the guiding ideology, we, in our economic work, one-sidedly placed accumulation above consumption, and construction above living, crowding out agriculture and light industry and consumption, failing to make much improvement in the people's living standard and dampening the enthusiasm of the masses. After the 3d Plenary Session of the 11th Party Central Committee, our party summarized this profound lesson, readjusted the proportion between accumulation and consumption, and liquidated some of the "accounts outstanding" in the people's living, improving it to a fair extent. However, the people's living standard is after all not high and the conditions of improvement not even. Therefore, to improve it further, we must appropriately increase the accumulation and seek the development of production. If we one-sidedly stress consumption and make its growth rate higher than that of labor productivity, it will be detrimental to the development of production and lead to shortages of living means and market supply and to inflation of commodity price. Instead of further improving the people's living, it will be like what Comrade Chen Yun said: "The people's living has to be improved. First, we must eat, and eat enough. Our food should not be too inferior, but nor too superior. Second, we must build. If a country eats and uses everything up, it will have no hope. Only when, after a full stomach, it still has the spare capacity to build will it have hope. We must earnestly implement this basic principle of "one, we must eat; two, we must build" in China's economic construction work.

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## NATIONAL POLICY AND ISSUES

### 'JINGJI GUANLI' ON MACHINE-BUILDING INDUSTRY

HK200803 Beijing JINGJI GUANLI in Chinese No 1, 5 Jan 83 pp 26-29

[Article by Sun Xiaoliang [1327 2400 5328]: "How Should the Machine Building Industry Implement the Guideline of the Leading Role of Planned Economy and the Supplementary Role of Market Regulation?"]

[Text] For a long period of time, people have wanted to discover an appropriate method by means of which economic activities might be "unified without being inflexible and responsible without being chaotic." Now we have found the way, which consists in letting planned economy play the leading role and market regulation play a supplementary role. This guideline clearly provides that our market regulation should play its supplementary role within the planned economy, instead of outside it; it also clearly provides that both state planning which plays the role of maintaining overall balancing and market regulation which plays a supplementary role serve a common objective--ensuring the proportionate development of the national economy.

How should the machine building industry implement this guideline? Considering the present situation, the point is to grasp three links well:

First, formulating a scientific long-term development plan.

The very purpose of adhering to the planned economy is to consciously maintain the proportionate development of the national economy. In order to achieve this, a lot of work has to be done and the most important task is to formulate a scientific long-term plan. A series of detailed indices are necessary for a long-term national plan. As regards the machine building industry, our long term plan must clearly set at least the following indices: (1) The share of the national income to be accumulated as funds for construction. This is an important index which reflects, in concrete terms, the ratio between accumulation and consumption. (2) The share of funds for construction to be allocated to each of the sectors of the national economy. This is an index which reflects, in concrete terms, the proportions of the production sectors in relation to each other. It sets a limit to the share of the machine building industry in the national economy and to the total output of the mechanical and electrical engineering industries. (3) The number of new construction projects and transformation projects for each production sector. (4) The number of complete sets of giant equipment required for each project. These four indices which form a sequence are

interrelated, each of the first three indices being a prerequisite for the index which follows it immediately. Only with the help of these indices can we clearly determine the share that the machine building industry ought to take in the national economy as a whole, the amount of machines and electrical products to be provided to each department, and the proportion of each of these products in relation to one another.

At present, the output and relative proportion of various kinds of machines and electrical products are, to a certain extent, determined by reference to available market information. For ordinary products, we may refer to information on demand alone while determining the output of each of the products which belong to the same category but differ in specification or model and size; but for the production of complete sets of giant equipment, information on demand is far from sufficient for determining the total output of each major category of products. For instance, 1981's output value total output (in terms of money value) took 23 percent of the total industrial output value. Is this percentage appropriate and what percentage may be considered as appropriate? Of the total output value of machinery, 8.4 percent was represented by technological equipment and current items of machinery and electrical products provided to the textile and other light industries. Is this percentage appropriate and what percentage may be considered as appropriate? These kinds of questions all concern macro-economic equilibrium and therefore such percentages should be set in the state plan instead of being determined by market forces as regulators. If this problem is not solved, planned economy cannot start playing the "leading role," no matter how loud we shout the slogan of letting planned economy play the leading role.

Judging by the situation of the machine building industry, when the production of an enterprise manufacturing ordinary products is regulated through market forces, the enterprise gets fairly sufficient tasks, its products are comparatively suitable for sale and it will develop new varieties to meet various needs of the society. But life becomes hard for enterprises which make complete sets of giant equipment, such as heavy machinery plants, mining machinery plants, giant power equipment plants, high tension power transformation and transmission equipment plants and so forth. If we look into the matter, the major reasons are: What and how much these enterprises should produce are determined by the construction plans of the departments which are the users; these construction plans are in their turn determined by the amount of funds allocated to these users out of the national income; as to how much funds should be allocated to a department, this is determined by the ratio between accumulation and consumption as well as by the proportion of each of the departments in relation to one another. Since this series of detailed indices are not yet set in the long term national development plan, it goes without saying that it is impossible to define the tasks and orientation of the enterprises which produce such products.

According to a rough estimate, if the investment plan of each department is finalized and thus the required number of complete sets of giant equipment is worked out, then over a third of the production tasks of the entire machine building industry is fixed. This amount, although not exceeding one half, is big enough to have a bearing on the overall situation of the



national economy and thus make the evolution of the overall situation foreseeable. As to the other needs of society which are multifarious and involve tens of thousands of varieties with varied specifications, letting market forces regulate their production will better keep supply and demand in equilibrium. In order to firmly apply the principle of planned economy, it is necessary to grasp this "major point." If we grasp it too much, intending to regulate the production of electricity meters, electric fans, washing machines and the like through detailed mandatory plans, this amounts to sticking at trifles and, contrary to what we wish to achieve, we can hardly balance production and demand.

Second, defining the scope of mandatory planning.

In order to ensure the attainment of the various targets set in the state's long term plan, the production of a part of products should be subject to mandatory plans imparted by the state and this may be called direct planned regulation; another part should be subject to guidance planning, but be controlled through various indirect means and this may be called indirect planned regulation.

The point now is what should be the principles for delimiting the scope of regulation through mandatory planning? According to one opinion, this scope should be delimited on the basis of the type of enterprises and thus, mandatory plans should be imparted to large-sized enterprises and enterprises owned by the whole people. This approach has two problems: The first one is that for large bearings plants employing over 10,000 persons like those in Harbin, Shenyang and Luoyang and for measuring and cutting tools plants employing several thousand workers like those in Harbin and Chengdu, it is evidently not appropriate for the state to impart mandatory plans to them, stipulating the specifications, variety and output of all sizes of bearings and small tools such as fluted twist drills. On the other hand, some small factories and even factories owned by the collective manufacture accessories necessary for making complete sets of giant equipment. Although these are small products, they also affect the quality, standards and date of delivery of complete sets of equipment and even affect the realization and putting into operation of some large construction projects. How can we ensure the supply of accessories necessary for making complete sets of equipment without imparting mandatory plans? Apparently, this approach is not an appropriate one either. The second problem is that since production and circulation are two close-knitted links, it is logical for the state to allocate, according to a unified plan, the products of which the production is arranged in accordance with mandatory plans. Because what and how much is to be produced are provided for in the state's mandatory plans, enterprises do not know to whom they ought to sell. But as a matter of fact, even in the case of big factories, they produce such a large variety of products with varied specifications and sizes that it is impossible for the state to match the production of and the demand for each article. Past experience has proved that this way of doing things will inevitably result in excess stocks unfit for sale.

According to another opinion, the nature of products should be used as criterion of delimitation. For products of vital importance to the national economy and the people's livelihood, the state should impart mandatory plans so as to subject them to unified allocation. This approach is in essence no different from the present system which divides materials into three categories for administrative purposes. The problem is: Products subject to unified state allocation require products under local management to make complete sets while products under local management need products which are subject to state allocation or within the jurisdiction of ministries as inputs; artificially segmenting their administration will cut off the inherent links between various production stages. For instance, the automobiles manufactured by the first automobile factory are products subject to unified state allocation; the state imparts mandatory production plans and makes unified allocation. But to make a car, over 10,000 kinds of accessories and raw materials are required and several hundred of them are materials under local management. For instance, the two kinds of resins needed in making castings are materials under local management and supplied by Changchun No 2 Chemical Factory. But the raw materials required to produce these two resins are in their turn products within ministerial jurisdiction and subject to unified allocation of the Ministry of Chemical Industry. If materials are thus divided at sixes and sevens and errors are made inadvertently, we will often be unable to ensure normal production for lack of some orchestral instruments to play a symphony. This sort of contradiction cannot be solved by delimiting the scope of mandatory planning according to the nature of products.

Our opinion is that the scope of mandatory planning should be delimited according to the degree of importance of a task, the production of all materials required to carry out national key tasks should in principle be arranged according to mandatory plans imparted by the state, regardless of whether they are important products or ordinary products, and regardless of whether they are manufactured by large-sized enterprises or medium and small-sized enterprises; once produced, they should be allocated by the state to various units according to plan and need. As to other needs of society, the production of various kinds of materials should all be arranged by enterprises in the light of demand and be circulated through direct exchanges between production units and units which are users.

But how should we delimit the scope of national key tasks? This can be done by the state in accordance with the particular situation of a certain period. This approach has several advantages: The first advantage is that since these key tasks are set by the state, the state agencies in charge are supposed to know perfectly what is needed and how much is needed; in consequence, as long as the state plan is a feasible one, production will not be disrupted and goods will not be unfit for sale. The second advantage is that since key tasks are limited in number, it is possible for the state to be fairly circumspect while trying to strike a balance between all factors involved. The third advantage is that the production being arranged according to mandatory plans, the fulfillment of key tasks can be really ensured. It follows from such arrangement that all complete sets of giant equipment are of course covered by key tasks and the large majority of the

tasks will be assigned to a core of large-sized enterprises. This is in principle in line with the proposal of demarcating the scopes of mandatory planning and guidance planning according to four kinds of products and four kinds of enterprises that Premier Zhao put forward in his report on government work.

Third, strengthening state guidance by adopting the method of guidance planning and by using various means.

Apart from a part of products of which the production is controlled directly through mandatory plans, there are several tens of thousands of machinery items and electrical products of different kinds or specifications. For these products, it is neither possible nor necessary for the state to impart guidance plans stipulating what and how much should be produced; instead, the production should be arranged by the enterprise in the light of changes in demand. Neither is it appropriate to subject their circulation to unified state allocation; instead, these products should be circulated through the market where producers are to find users and vice versa. But, the state should not allow industrial and commercial activities concerning this part of products to be conducted without government control; instead, it should adopt various kinds of guidance plans so as to ensure that these activities are conducted in accordance with the requirements of unified state planning. The market under a system of planned economy is a market guided by plans and differs from the market subject to direct planning merely in the methods and scopes of planning.

How should we guide economic activities indirectly through planning? We have gained for the first time some experience while carrying out reform over the past 3-odd years.

First, ensuring planned guidance by means of economic policies. In recent years, it has been clearly stated in the policy of our country that priority should be given to development of the textile and other light industries, the energy industry and the building materials industry. The policy, although merely indicating the orientation instead of setting detailed output indices for products of the machine building and electricity industries, has still played a great role in regulating the operations of industrial enterprises. In so far as the output value of the enterprises under the Ministry of Machine Building Industry is concerned, the percentage that the output value of technical equipment and current machinery items and electrical products required by the textile and other light industries for technical transformation, taken in total output value, rose to 3.5 percent in 1980 from 1.3 percent in 1979, went up further to 8 percent in 1981 and showed another increase in 1982. Among the 25 new products developed by Shanghai Machine Tool Factory in 1982, over 10 products are required by the textile and other light industries for technical transformation. Compared with the past, there has been a noticeable change in the composition of products.

Second, ensuring planned guidance by setting guidance targets. Shanghai First Bureau of Machine Building and Electricity Industries, after undertaking market research and forecasting, worked out projected outputs for

enterprises as their guidance targets and thus solved a knotty problem for them. The bureau divided the products into three categories: giant equipment for which the production plans were to be arranged in accordance with orders received; current products of which the production plans were to be arranged in accordance with orders received plus 5 to 15 percent; and products in short supply; of which the production plans could provide for an output much bigger than orders received. Thus, the bureau took into consideration both the need of arranging production according to demand so as to avoid excess stocks and the need of facilitating the organization of production so as to fully use production capacity; in this way, production was also adjusted to the needs of some users who wanted goods urgently and there was a reduction of the cases where production took place upon receipt of orders or goods could not be delivered on time. Since these targets were set not simply according to the "ratchet principle," that is, a percentage increase over the preceding year, but on the basis of market research and forecasting, they played their guiding role better and therefore were well received by enterprises and users alike.

Third, ensuring planned guidance by means of economic levers. There was once fairly serious duplicated production of air-conditioners and, if further developed, the supply was likely to exceed the needs of society. Shanghai air-conditioners factory reduced the unit price of air-conditioners to be fitted to a window from 2,200 yuan to 1,600 yuan, but still had a quite big profit margin while many production units which were dispersed and technologically backward, took the initiative in switching over to other products or reducing the output of air-conditioners, which had become unprofitable for them. Tax exemption was once granted to enterprises owned by communes or brigades. To take advantage of this favorable condition, many an enterprise owned by communes or brigades embarked on making electric fans of lower quality but cheap price, which were taking the market from technologically advanced ones. Having realized this situation, the department concerned decided to levy taxes and as a result, the output of electrical fans made by production points gradually decreased. Shanghai metallurgical and mining machinery plant was in a position to supply the equipment required by small cement factories for technical transformation. A factory in Jiangsu Province had an urgent need to carry out technical transformation, but was not possessed of the necessary funds. The Bank of Shanghai provided a timely loan to the seller and thus solved this thorny problem as well as promoted the development of the building materials industry. This was an example of regulation through bank loans. In short, there is plenty of room for various economic levers to play their role in regulating production and circulation.

Fourth, ensuring planned guidance by means of economic laws and regulations. In Jiangsu Province, there are over 20,000 machine building enterprises owned by communes or brigades. For the majority of their products, there is unused production capacity in large industrial enterprises. Moreover, many of those small enterprises are producing shoddy products for lack of the minimum technological conditions for production. In this respect, laws should be made immediately. The laws should define the jurisdiction of the authorities who give approval to applications for setting up a machine

building factory; the laws should also stipulate the indispensable technological conditions for engaging in manufacturing machinery items and electrical products. In recent years, those who are not possessed of the required technological conditions for manufacturing low voltage electrical appliances or industrial boilers have been refused a production licence. This measure has represented an attempt in this direction. And if further attempts are made to evolve economic laws, we may certainly expect greater and far-reaching positive effects.

Fifth, ensuring planned guidance through organizing coordinated activities. Shanghai First Bureau of Machine Building and Electricity Industries played the guiding role in curbing the output of products in ample supply and developing products in short supply at enterprise level through organizing coordinated activities such as organizing cooperation and developing various forms of joint activities in the field of production, helping shifting to new products and realizing amalgamation. In 1979, they grasped the work of increasing the output of 73 kinds of products in short supply, of which the output value amounted to 0.31 billion yuan; in 1980 they grasped the work of increasing the output of 100 kinds of products in short supply, of which the output value amounted to 0.76 billion yuan; in 1981, they grasped the work of increasing the output of 106 kinds of products in short supply, of which the output value amounted to 0.94 billion yuan; in 1982, they again grasped the work of increasing the output of 184 kinds of products in short supply, of which the output value is expected to reach 1.81 billion yuan. The output of some products in short supply such as printing machines, artificial veneer and stamping machines was doubled. The equilibrium between supply and demand is of a dynamic nature, as is evidenced by frequent changes in the lists of products which are considered as in ample supply or in short supply. Therefore, guidance plans should be elaborated and imparted by taking into account of this dynamism. Ensuring planned guidance through organizing coordinated activities represents a very good form of elaborating and imparting guidance plans in the light of the dynamism characterizing the equilibrium between supply and demand.

Sixth, ensuring state guidance by issuing circulars on the situation of production and demand. The reasons why a productive enterprise is not managed in compliance with the requirements of unified national planning are: The enterprise's own interests are in conflict with the national interests and this contradiction should be resolved by using economic policies or economic levers with a view to adjusting the relative interests of both, or in some isolated cases, by using coercive administrative and legislative means with a view to ensuring that the national interests override the enterprise's own interests; the other reason is that an enterprise fails to comply with the requirements of the state plan, but is unconscious of its error, for it does not know the overall situation; this kind of error should be corrected by imparting guidance plans and issuing circulars on the situation of production and demand to the enterprise with a view to making that enterprise understand the overall situation and restrain itself in its activities accordingly. A few years ago, in view of electricity meter shortages, for which the demand exceeded its supply, many enterprises

started producing electricity meters one after another and were able to sell them as soon as they were turned out. But further development was likely to make supply exceed demand several years later. At that time, the department concerned issued a circular on the evolution of the production and demand, in which the national demand was forecasted and the overall output of the country was made known. This circular played a certain role in stopping the production of electricity meters from further developing in such a thoughtless manner. In this respect, we have only just begun, and in particular, the forecasts made by us are far from being accurate. The accumulation of experience will make forecasts on demands more accurate and therefore play a greater role.

Practice has proved that implementing guidance planning and other sorts of indirect planning are effective means. In future, we should appropriately reform a series of management systems concerning pricing, taxation and credit control and so forth so as to consciously and systematically use them to direct economic activities.

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## ECONOMIC MANAGEMENT

### TAIYUAN INTRODUCES MANIFOLD METHODS OF CONTRACTING

Taiyuan SHANXI RIBAO in Chinese 24 Jan 83 p 1

[Article: "Taiyuan Speeds up Reform of Economic System"]

[Text] The Taiyuan municipal party committee and municipal government recently decided to contract the industrial profit quotas to the municipal economic commission and initiate different policies of reform on the 77 popular ownership industries under the city, thereby actively and steadily speeding up the course of the economic system reform. The goal of reform is to break down the fetters of egalitarianism such as the "large-pot rice" and "iron rice bowl" and earnestly implement the principle of more work more pay; less work less pay; no work no pay.

At the end of last year, the Taiyuan municipal party committee and municipal government already directly contracted this year's industrial profit quotas to the municipal economic commission. The contract provides that the amount in excess of the quotas is to be divided 40 and 60, i.e., 40 percent to the commission and 60 percent to the state. Of the share distributed to the commission, 90 percent is to be spent on the technical remodeling, new products trial manufacturing and scientific research of enterprises under the municipality, 8 percent on staff and workers' housing construction and 2 percent on bonuses for the staff and workers of the commission. The commission assigns the various technical economic quotas to the various offices. If the commission fails to fulfill its contract with the state, cadres of the office chief level and above will have their total annual salary docked 5 percent, and those below the office chief level 3 percent.

To ensure the fulfillment of the contracted industrial profit quotas, the municipal economic commission contracts the profit plans formulated by it to the bureaus of metallurgy and coal, machine, light industry, second light industry, chemical industry and electronics and the new materials, local materials and bicycle corporations. According to the contracts, if the contracting bureau fails to fulfill the contract plan assigned by the commission, cadres of the assistant bureau chief level and above will

likewise have their total annual salary docked 5 percent, those of the section chief level 4 percent, and those below section chief 3 percent.

To further activate the enthusiasm of the industrial enterprises under the municipality, the municipal economic commission and the bureaus and corporations adopted manifold forms of contracting with the 77 enterprises, and the method of contracting for progressive increase in profit practiced by the Shoudu Steelworks was introduced for a few selected enterprises. The Taiyuan wool fabrics plant has a strong leading team and a good work foundation, and its technical remodeling conforms to the developmental needs of the state. In the reform, the average of its maximum achievements of the planned profit of the previous 2 years is used as the base, and the profit turned over to the state annually is to increase progressively every year by a certain percentage, which will remain unchanged for several years. Base profit withholding is introduced for enterprises which are on trial implementation of profit withholding or which are collecting enterprise funds. In regard to unprofitable enterprises, the system of contracting to reduce the loss, no subsidy for above-norm loss and exemption from turning profit over to the state is introduced. In regard to enterprises making very little profit, contracting for larger withholding on above-norm receipts is introduced, possibly as large as 70 percent. In regard to state operated enterprises with less than 300 employees, the method of replacing profit with tax and collective contracting is introduced. In regard to ordinary enterprises, the method of profit contracting and dividing the excess above quota according to a proportion is introduced. The methods of contracting and of reward and punishment jointly formulated not long ago by the municipal economic commission, municipal finance bureau and municipal labor bureau have been communicated to the various enterprises, and the latter have also severally signed contracts with the economic commission and the finance bureau.

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## ECONOMIC MANAGEMENT

### ECONOMIC REFORMS IN CHINA DISCUSSED

Prague SVET HOSPODARSTVI in Czech 22 Mar 83 p 3

[Article by Lev Labsky: "Will Economic Reforms Help China"]

[Text] The top Chinese leadership is ever more convinced that comprehensive reforms must be undertaken. The Chinese Communist Party Secretary General Hu Yaobang emphasized, not long ago, that together with the modernization of the economy, consequent changes will have to be made in methods of implementation as well as in enterprise management so that the new organization of production conforms to changed economic conditions.

Foreign observers believe that the comprehensive economic reform advocates grouped around Deng Xiaoping have lately strengthened their position when they broke the resistance of the old cadres inimical to changes, writes Urzula Zhemek in the Rynki Zagraniczne. This is supported by the fact that the function of the chairman of the State Council was assumed by Zhao Ziyang who favors reforms of the administrative machinery and disapproves of the slogan "to each a bowl of rice everyday." For the average Chinese, this is an invitation to reevaluate the basic pillars of the social policy announced by Mao Zedong in the early fifties.

The goal of the reformers appears to be a remaking of China into a strong and rich country, continues the author of the article. This means that food for the people, including another 200 million Chinese expected to be added to the population by the year 2000 must be ensured and their living standard increased. Deng Xiaoping supporters are carrying out the liberalization of the national economy, which is partially being realized in the agriculture where the farmers are receiving greater incentives and are organizing not on the collective principles but on the basis of families.

However, the principles of industrial and trade functioning in China are not changing and the development in both sectors is being held back by strict administrative regulations and inflexible centralized planning. The Chinese Government has undertaken additional steps to grant broader independence to some of the state industrial enterprises and a permission to retain greater portions of their earnings than in the past for their own uses. The government announced that it is preparing a comprehensive proposal for an economic reform which will be completed in 3 years at the earliest

and implemented only after 1985. For now it is urging local administrators to try the proposed changes experimentally.

The Chinese economy will continue to be influenced by the effects of the "cultural revolution" for some time to come. According to the deputy director of the Economic Research Institute of the Chinese People's Republic Academy of Social Sciences and a foremost Chinese economist Xiang Qi-Zhuan, the Chinese economy is currently less efficient than it was in 1965. Its weaknesses are shortages of experts, low level of specialized education, unsuitable management systems, inadequate technology and a shortage of investment funds. Under these conditions it will be very difficult to accomplish the goals outlined in the plan forecast to year 2000 and to quadruple the volume of industrial and agricultural production.

To achieve the goals of the plan by the year 2000, all human resources will have to be employed, economic restructuring will have to be completed, and up-to-date technology introduced. Professor Xiang Qi-Zhuan has no illusions about the methods of management in the Chinese industry because, of the 400,000 industrial enterprises, only a small portion is managed properly. The worker initiatives are ignored in most of the enterprises. The enterprises are required to produce without the regard to actual markets for the goods manufactured. Only 6000 industrial enterprises have gained increased decision making independence and the right to retain part of the state taxes for the use of the enterprise.

The Chinese economist further emphasizes, the solution of the demanding development tasks is being hindered by the high levels of unemployment. The extent of the current unemployment in China is not known. Government agencies announced only that during 1979-1981, 26 million additional jobs were created in the country. High unemployment could lead to social disturbances. On the other hand, excessive employment has a negative effect on labor productivity. Creation of new opportunities even together with over-employment cannot completely eliminate unemployment, primarily among the youth with high school education.

Much depends on whether China will succeed in modernization of the technology and in achievement of savings in fuel and energy consumption, concludes Urszula Zhemek. Complications in mining and black coal and development of oil fields along the coastal areas are slowing down energy production. Another large problem is the extremely long economic life of the machine park, as much as a quintuple of that in Western countries. Most of the industrial machinery and equipment would have to be replaced in short order. The government reconstruction program of this sector prescribes that factory modernization be completed by 1990. The 1981-1985 five-year plan anticipates investment expenditures of 180 billion dollars for the construction of new and renovation of existing enterprises and replacement of production assets.

CSO: 2400/234

## FINANCE AND BANKING

### SUBSTITUTION OF TAXES FOR PROFITS TURNED OVER TO STATE URGED

Beijing JINGJI RIBAO in Chinese 12 Feb 83 p 1

[Article by staff commentator: "'Substitution of Taxes for Profits' is a Ripe Experience"]

[Text] In his "Report on the Sixth 5-Year Plan," Premier Zhao Ziyang pointed out: "During the next 3 years, in circumstances of not making any big adjustment in prices, we should reform the tax system, quickening our pace in substituting taxes for profits turned over to the state."

Since Liberation, the financial system of China's enterprises has changed many times, but, speaking about the whole, what has been basically put into effect is the system of assuming overall responsibility for profits and losses and of "eating out of the same pot." This has greatly hindered the development of the forces of production. Compared with assuming overall responsibility for profits and losses and "eating out of the same pot," "substituting taxes for profits" is a great stride forward; it is also an important reform in the distribution relations between the state and the enterprises and between the central authorities and the various local levels.

In the reform of the economic system, a fundamental question is how to establish and perfect as quickly as possible the economic responsibility system of enterprises and how to closely link responsibility and authority, thus enabling the enterprise to have force on the outside and motivation on the inside. All this should ensure that the enterprise, the basic economic cell, will develop even greater vitality. "Substituting taxes for profits" will, on the one hand, create the necessary conditions for solving this question, and, on the other hand, furnish a clear demarcation of responsibility for state and enterprise.

The numerous instances of this practice on the part of enterprises reported in this newspaper today demonstrate that "substituting taxes for profits" has the following advantages: 1) It is beneficial in enabling the enterprise to become an economic entity of comparative independence. This can both guarantee the revenues of state finances and overcome the weakness on the part of enterprises of taking responsibility for profits but not for losses. 2) It is beneficial in further enlivening the national economy. Based on the demands of macroeconomic policy and the needs of the marketplace,

enterprises can all the more, acting on their own, arrange production management and, in particular undertake rather long-range planning for the development of the enterprise. 3) It is beneficial in fully stimulating the enterprise to develop production, to undertake technological innovation, to uncover hidden potential, and to increase the activism and creativity of economic efficiency.

In sum, "substituting taxes for profits turned over to the state" is an experience which has come to maturity. All enterprises which are able to should carry this out as soon as possible, using the lever of tax collection to improve the management and administration of enterprises and to increase the economic efficiency of enterprises.

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## FINANCE AND BANKING

### STRIVING FOR FUND ACCUMULATION, TIGHTER TAX CONTROL

Beijing CAIZHENG [FINANCE] in Chinese No 1, 8 Jan 83 pp 27-29

[Article by Yi Jinghua [2496 7231 5478] and Zhou Jingtao [0719 2005 3447]:  
"Strive for the Improved Methods of Fund Accumulation; Step Up Tax Control"]

[Text] "To stress using funds thriftily through the improved methods of acquisition, accumulation and spending, to increase and economize construction funds," is one of the ten principles guiding China's economic construction. Our tax departments must regard as their responsibility a successful realization of this principle and stress specifically the improved methods of fund acquisition and fund accumulation. In giving prominence to the improved methods of fund acquisition and fund accumulation, we must have a tax system conducive to accelerating economic readjustment and development, and to giving full play to the functioning role of an organization's earnings. On the other hand, we still need sound measures for tax collection and control. The two of them are mutually complementary, each being essential to the other.

At present, it is necessary to resolutely lay a firm hold on the improved methods of fund accumulation and strengthening tax control. We are of the view that it is of imperative necessity to solve properly the following questions:

1. A centralized and unified system of tax control supplemented by limited flexibility should be firmly adhered to. This is due to the rigid characteristics of a tax policy and its extensive involvement. To collect taxes or not to collect taxes and to collect more taxes or to collect less taxes have a direct bearing on adjustment of the economic interests of all concerned, on correct handling of relations between the state, the enterprises and the individuals, and on relations between the central and local authorities. If we are to bring into full play the financial and economic functioning roles of tax revenues, it would be impossible to ensure implementation of national economic policy and a balance between state revenues and expenditures, if tax control is not handled in a centralized and unified manner. Furthermore, ours is a big country, in which the existing tax laws have been drawn up in conformance with the general conditions of [China's current stage of] economic development, and no matter how concrete the stipulated provisions of the tax laws are, they may not be fully compatible with the complex conditions of different areas, different trades, and different economic structures. This demands a

certain degree of flexibility. Nevertheless, this should be a flexibility placed under a centralized and unified leadership, not a flexibility which is detrimental to macroeconomic interests. It ought to be an orderly and disciplined flexibility. It is, therefore, necessary to reiterate the following regulations.

The first regulation ordains a resolute upholding of solemn compliance with the existing tax laws, a firm adherence to performance of duties in accordance with law, and collection of taxes in line with the prescribed tax rates. With regard to the existing tax policies and decrees which are incompatible with [China's] current [stage] of economic development, it is permissible to bring them up as an issue for study and to set forth criticism and suggestion leading to measures of reform. Nevertheless, before the formulation of new policies and decrees, the existing stipulations must remain in effect, and it is absolutely not permissible to base implementation of policies and decrees on a piece of information, on a suggestion, on the speech of an individual, on the "summary of a conference" of a certain responsible department, or on proposals and propositions set forth for reform of the tax system.

The second regulation calls for performance of duties in compliance with the established procedures. Enterprises seeking tax reduction or tax exemption must send their requests to the local tax authorities, which examine their requests and submit them level by level to the supervisory leadership organs for examination and approval in accordance with the tax control system. It is not permissible for enterprises or responsible departments to bypass this established procedure by directly sending reports to the provincial people's governments or the people's governments at the immediate higher level. All departments and enterprises are not allowed to make decisions of their own on tax reduction and tax exemption. In dealing with unauthorized stipulations on tax reduction and tax exemption made in the various localities, it is necessary to abolish those which are illegal, to rectify those which go beyond one's authority, and to require those departments and enterprises which are entitled to tax reduction or tax exemption but have not completed the formalities to complete the required formalities.

The third regulation requires that in the event of a difference of opinion on interpretation of tax laws between the tax authorities and a tax-paying unit, it is necessary to "pay tax first and seek a court settlement later." Refusal to pay tax is not permitted.

The fourth regulation stipulates that in the course of administering tax reduction and tax exemption, the tax authorities must definitely act in compliance with policies, stick firmly to principles, exercise rigid examination and approval. On questions involving huge tax reduction and tax exemption, the staff members of the tax authorities must step out of their offices and go down to the enterprises to conduct an investigation and verification and to handle the questions properly by seeking truth from facts. There should generally be no tax reduction and tax exemption for those enterprises maintaining a high volume of [energy] consumption and turning out poor-quality products, generating low economic results, undertaking duplicated production,

and producing oversupplied goods. The tax authorities must not watch with folded arms and allow the enterprises granted tax reduction or tax exemption to embark on a course of their own. It is essential to keep them and the tax-paying enterprises under the same control, to understand constantly the situation of production and management of the enterprises, and to make an assessment of the economic results of tax reduction and tax exemption. Moreover, they must see to it that the enterprises resume paying taxes after expiration of their tax exemption. The staff of the tax organs, whose negligence of duties results in failure of enterprises to resume paying taxes after expiration of tax exemption, thereby creating a huge evasion or nonpayment of taxes, should be criticized and educated, be held responsible for it, or even be given necessary punishments.

2. Tighten control over the sources of revenues, grasp in earnest the developing and changing situation of the economic sources of revenues. "Battles are won by those who know their enemy as well as themselves." Collecting taxes is like fighting a battle, in which we must at all times be well aware of developments and changes in the objective economic sources of revenues so that we can come to know the true state of affairs. If we are unaware of the economic sources of the revenues of the enterprises under our control, it would be impossible to win a victory in the work of tax collection and control. In order to establish a sound control over changes in the economic sources of revenues, observation posts for keeping track of the sources of revenues have been widely set up in Hunan Province since 1973, extending from the provincial level to the prefecture-county level. Early in 1980, a list of the key sources of revenue was published, which requires tax bureaus at the province-municipality-county level to stress control over the enterprises paying one million yuan and more of tax a year, tax bureaus at the prefecture-municipality-county level to emphasize control over the enterprises paying 500,000 yuan and more of tax a year, and tax bureaus at the county-municipality level to stress control over the enterprises paying 100,000 yuan and more of tax a year. Laying a firm grip on these key sources of revenue means securing a rigid control over the vital points of the issue, and this renders it possible not only to overcome blindness in tax collection and control, but also to gain the initiative in tax collection and control. In administering the sources of revenues of these key enterprises, especially the enterprises paying taxes in excess of one million yuan a year, the tax authorities in the areas where such enterprises are located must send out special personnel to their factories and station them there to exercise control, to constantly gather data on enterprise production, supply, marketing, shipment, to make periodic analysis and research, thus serving to enhance production and guide tax collection. To move along this line, viewed either from the point of view of fund acquisition or of fund accumulation, is entirely necessary.

3. Do a good job in building a tax collection and control system which includes tax reports, tax appraisal and unified invoice. All tax-paying units and individuals must turn in periodic financial statements and tax reports to the tax authorities in the areas of their jurisdiction. This is a legal procedure all tax-payers must go through. For a number of years, however, this system was not carried out in earnest in many areas. It is essential that this system be promptly established, perfected, and carried into effect on a full-fledged basis.

Tax appraisal is based on the realities of production and management in a tax-paying unit. It is a good form of earnestly carrying into effect tax policies and decrees on revenues. Since 1981, a vast majority of the tax departments in Hunan Province have done a good job in this regard. The existing question lies in the poor adaptability of some aspects of the tax appraisal. Some phases of the tax appraisal are not formulated for enterprises. It is an appraisal covering a whole trade, an all-embracing appraisal that makes it difficult for enterprises to follow and inconvenient for enterprises to figure out how much they must pay in taxes. In some enterprises production and management have already changed, with pertinent policies and decrees also undergoing changes, but tax appraisal remains unchanged. This renders impossible performance of duties according to law and collection of taxes in conformity with the prescribed tax rates. Therefore, to do a good job in tax appraisal with accuracy and thoroughness, to make a timely revision and to achieve a perfection of tax appraisal in line with changing conditions, is a task of tightening up tax collection and control we must not neglect.

A unified invoice is a legal bill of evidence showing the financial income and expenditures of an enterprise, an institution and an individual. It is also an important basis for auditing and verification of taxes by the tax-collecting organs. An intensification of control over invoice is beneficial to doing a good job in market control and tax control, in combating tax fraud, tax evasion, and speculation and profiteering activities. It is necessary at the present time to adopt appropriate measures to change completely the situation of slackening control over invoice, illegal printing of invoice, disorderly use of invoice, and inefficient verification of invoice, which have taken place in a number of areas during recent years. Tax departments in the various localities must submit broad masses of the tax cadres to an ideological education centering on strengthening invoice control; print invoices properly, control invoices properly, and use invoices properly in accordance with measures for the control of unified invoices; place invoice control under a system of responsibility designated for special tax personnel, and intensify control over units under their supervision in the securing of invoices, use of invoices, and filing of invoices; and give constant guidance to the invoice-writing personnel in order to familiarize them with tax policies and decrees and invoice-writing regulations. Furthermore, it remains necessary to make periodic checkups, to dig out problems and solve them, and to aim blows at criminal activities in the economic domain.

4. Adapt to new conditions of economic development, improve tax collecting and controlling methods in urban and rural areas. The urban-rural economy, regardless of which form of the production responsibility system is being put into effect, must not reduce state revenues. On the basis of developing production, the urban-rural economy must guarantee an increase in state revenues year after year, and it must implement the principle of "tax first and distribution second." In dealing with individual enterprises of industry and commerce, which have registered with the administration departments of industry and commerce and have been issued registration cards, but for the most part keep no accounts at all or keep incomplete accounts, it is necessary to proceed from the principle of making tax-collecting methods simple and easy by adopting collection of



revenues based on actual verification, on fixed dates and fixed quotas, and on fixed rates (burden rates) without fixed quotas. In the areas where federations and associations of individual traders have been formed, democratic deliberation can also be put into practice on a step-by-step basis. In the rural areas where some products of industry and handicraft industry are relatively concentrated, control over production links and collection of revenues based on verification and ascertainment are necessary. Besides, it is necessary to expand appropriately the collection of revenues from industry and commerce, and to rely on the forces of communes and production brigades in efficiently controlling and pulling in the scattered sources of revenues. However, "tax-guarantee" practices should be avoided. It is equally essential to maintain close ties with relevant departments in keeping markets well under control, in stepping up collection and control of county fair trade tax, and in aiming blows at the intermediate peddlers who have violated state policies and regulations, engaged in profiteering and speculation, jacked up commodity prices, and disrupted market order.

5. Step up control over "use of tax funds for repayment of loans." In order to assist the light industrial and textile enterprises in tapping potential, in initiating renovation, and in making changes, thereby enhancing production development in the textile and other light industries, the state has stipulated that the enterprises using the various types of special production loans may pay back in accordance with established procedures the principal and interest of the loans with increased profits gained after the use of loans and with the depreciation funds of their fixed assets, and that the balance may be paid by requesting the tax departments to reduce payment of industrial and commercial tax imposed on the increased portion of their production. It goes without saying that this promotes development of production. However, the tax funds which should not be used for repayment of loans are now being used by some enterprises to pay back their loans. There are some enterprises that use industrial and commercial tax funds, instead of using profits first, to repay their loans. There are other enterprises that use tax funds to repay their loans without submitting reports for approval. There are still other enterprises that retain tax funds which ought to be going into the treasury as scheduled, and they use the retained tax funds as special funds for repayment of loans. If this problem is not solved in earnest, it will be difficult to fulfill tax revenue plans, and state revenues will be affected. As a solution to this problem, it is necessary to define clearly that requesting tax reduction or tax exemption because of difficulties in production and management and using tax funds to repay loans are two entirely different matters. Different problems should not be grouped together. They should be dealt with separately in line with relevant policies and regulations, but not mixed and treated as one single matter.

If all aspects of the above problems are properly solved, the task of tax collection and control will take one giant step forward.

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## INDUSTRY

### ADVANTAGES OF BETTER MILITARY SUPPLY SYSTEM ENUMERATED

Beijing WUZI GUANLI [MATERIALS MANAGEMENT] in Chinese No 1, 1983 p 27-28

[Article by Chen Shenggeng [7115 3932 1649]: "On the Benefits of Reforming the Logistical System of the National Defense and War Industries"]

[Text] The National Defense and War Industry Bureau, subordinate to the National Materials Bureau, established test points to reform the logistical systems of the national defense and war industries starting in 1980, in line with the spirit of the concept, proposed by the Central Committee, of "changing the past logistical system, which was closed, had many links, and had few channels, and establishing a logistical market that is open, has few links, and has many channels." It established companies in the five provinces of Shanxi, Hebei, Jilin, Jiangsu, and Heilongjiang at various times for the supply and marketing of war industry materials. The practice over the past 2 years has showed that this reform has coincided with the pattern of material flow and has benefited the production and development of war industry products. It has been widely welcomed by the business units of the national defense and war industries.

The existing logistical system of the national defense and war industries in our nation was basically designed after the pattern in the Soviet Union at the beginning of the 1950s. The flow of materials was organized according to the administrative system and the subordinate relationship of the enterprises. At the time, our nation had few war industry enterprises and units, and there were few national supervisory departments of the war industry. The distribution and use of materials were more concentrated. Over the past more than 30 years since the founding of the nation, the national defense and military industries have developed greatly. War industry products have also undergone great changes. The nation originally had only one or two ministries administering military industries, but now there are more than 10 such departments. But the logistical system of the national defense and war industries still followed the methods of the 1950s. This necessarily created a series of irrational situations in which each profession and each level had to establish warehouses, materials management was scattered, materials could not be transferred to overcome deficiencies, turnabout was slow, and large inventories accumulated. The situation was unfavorable to improving the gain in the flow of materials, and it affected the development of war industry production and buildup.

To overcome these shortcomings, the National Defense and War Industry Bureau conducted surveys and studies in the northeast in 1979. It realized that one way to change the irrational flow of materials was to establish a uniform logistics network of material supply points for the war industry according to provinces and autonomous regions. Thus, [the bureau] began in 1980 to establish war industry materials supply and marketing companies in Shanxi and other provinces. This launched the work of establishing test points for reforming the logistical system of the national defense and war industries. The uniformly equipped materials of the provincial national defense and war industry enterprises were uniformly planned, uniformly ordered, uniformly dispatched, and uniformly supplied. Practice over the past 2 years has showed that this test point of reform had the following characteristics.

I. It broke the boundaries of limitation of war industry departments, which were organized strictly by profession, and it was favorable to the transfer of surplus [supplies] to make up for deficiencies elsewhere. Before the reform, each military industry had its own set of logistical agencies in charge of the material supply tasks for the various enterprises in its own sector. Although enterprises in different sectors might be located in the same region or in the same mountain valley, each had its own area, and materials could not be transferred between them to make up for deficiencies. After the military industry materials companies were established, restrictions of subordinate relationship and profession were removed. Materials needed by national defense and military industry enterprises and units of a locality were uniformly arranged for, surpluses were transferred to make up for deficiencies, and the potential of the materials was developed locally. The limited materials were used in a timely way at those places needing them most urgently for production, and their proper economic benefits were developed. For example, the company in Hebei Province held two materials adjustment conferences during the first half of last year. It transferred a total of more than 820 tons of steel. Every enterprise and unit revealed its inventory and notified each other of what it had and what it lacked. They helped each other and solved the difficulties of the enterprises in a timely manner.

II. Material supplies were organized locally and in close proximity so as to create convenience for military industry enterprises. Since the founding of the nation, our nation's logistical system has not broken away from the subordinate relationship confining the professions; therefore, within any given military industry, enterprises and units were scattered and logistical networks could not be established locally or nearby. Enterprises and units were far away from the material supply points. This situation was widespread, and it caused a lot of inconvenience in production. After the founding of military industry materials companies, we insisted on rationally selecting supply network outlets at places closest to the enterprises, and some were even set up directly in factories. This facilitated production. For example, after the founding of the company in Jilin, supply depots were established at several places in the province near the enterprises, according to their distribution, to change the concentration of supply agencies of military industries and enterprises in Shenyang. This conserved

a large amount of manpower, materials, and money for the enterprises. The company in Shanxi Province stored materials in the warehouses of enterprises in some regions, saving the company from building new warehouses. The enterprises could take out whatever they needed to use, and both sides benefited.

III. The links in the flow of materials were reduced, and the turnaround of materials was accelerated. The original logistical system of the military industry, generally speaking, had at least four links: first, the National Materials Bureau appropriated the materials to each supervisory department. Each supervisory department then distributed the materials to the materials management department in each region. Then each management department supplied the materials to the appropriate enterprises. Now, the materials supply and marketing companies that have been established are directly subordinate to the National Materials Bureau. The appropriation of materials to the various enterprises has changed the four links of the past to three. After the implementation of uniform supply and the readjustment of the supply channels, the flow of materials has become more rational and such irrational situations as back-and-forth transport and face-to-face transport have been avoided, thus greatly conserving transport power. Also, the supply companies have distributed materials directly from the depot. This has reduced the number of times materials must be moved. They have also supplied complete sets of materials, organized direct shipments to the factories and door-to-door delivery, etc. The economic benefits have increased noticeably. The company in Jiangsu Province dispatched 2,000 tons of cement and 500 cubic meters of timber directly from the harbor and the depot during the first half of last year. This served 18,000 yuan in costs. The military industry enterprises in Jilin Province are very scattered. In the past, they all went to Changchun Municipality to report their plans and to obtain transfer tickets; then they went to each transfer depot to pick up their supplies. Now the enterprises are very satisfied because of the implementation of the system of direct pickup from nearby supply depots according to plan. The company in Shanxi Province has implemented scheduled monthly door-to-door deliveries, and this has been deeply welcomed by the enterprises.

IV. The close link with military industry enterprises enables problems to be solved more timely. The provincial military industry materials supply and marketing company is under the dual leadership of the national defense and war industry bureaus, which are directly subordinate to the National Materials Bureau, and the provincial national defense industry office. At present, five companies have already been established. Besides Jiangsu, the provincial national defense industry office in the other provinces where such companies have been established is in charge of production as well as supply. They have an earlier understanding of production and the buildup of military industry enterprises within the province than do the supervisory departments of the enterprises, and they grasp the situation in more detail. The provincial military industry materials supply and marketing company knows what the enterprises use, when they use the materials, and how much they use in the process of coordinating production. In the past, a lot of materials had to be requested level by level and distributed

level by level, and there were many problems with delay and indecision. Now, such problems can be solved on site and in time. The enterprises need only make a phone call to request the materials they require and to specify the varieties, specifications, model numbers, and quantity. The supply company will then deliver them.

Although the military industry material supply and marketing companies have not been established long, visible economic benefits have been realized. They have brought about many benefits to the military industry enterprises:

1. The inventories of enterprises have dropped noticeably. Because the supply and marketing company can guarantee a supply of various types of materials at any time and anywhere, this has solved the hidden worries of enterprises. The enterprises need not keep on hand some materials that are less frequently used, and they can maintain a smaller inventory. According to statistics on the military industry enterprises supplied by the Shanxi provincial supply company, the inventory of steel materials at the end of 1981 showed a drop of 18 percent from the beginning of the year. The inventory during the first half of 1982 also showed a drop of 7 percent from a year ago. Factories and institutes of some military industries basically did not have any inventory of general purpose materials.
2. This has reduced the proportion of floating capital of military industry enterprises, and has saved expenditures of various types of floating costs. Because the military industry supply and marketing companies have reduced the links in the flow of materials and shortened the time for the flow of materials, enterprises' inventories have dropped considerably, and floating capital has reduced dramatically. In 1981, the percentage of floating capital of military industry enterprises in Shanxi Province was 7.2 percent less than in the previous year. The savings in floating costs reached 670,000 yuan. During the first half of 1982, another 1,363,000 yuan in various types of floating costs were saved.
3. This has suited the many changes in the production plans of military industry enterprises and guaranteed the completion of the enterprises' material supply and production tasks.

In summary, we can see that the reform of the military industries' logistical system is vital and that it can more rationally use the limited materials in production buildup and fully develop the economic benefits. If military industry materials supply and marketing companies are established on a widespread basis to concentrate the limited military industry materials in our nation and to uniformly dispatch and use them, they will be even more beneficial to the production and development of military industry products.

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## INDUSTRY

### EXCELLENCE OF ANHUI AS INDUSTRIAL BASE ENUMERATED

Shanghai SHIJIE JINGJI DAOBAO in Chinese 7 Feb 83 p 4

[Article: "The 'Ruhr' of East China"]

[Text] Yang Jike [2799 4764 3784] said: If the treasure land endowed with the strong points of both West Germany's Ruhr and France's Lorraine is built into a heavy industrial base and supplies its energy and iron and steel to the sophisticated industries of the Changjiang Delta, thereby benefiting each other on equal ground and cooperating by concerted effort, the takeoff of the Shanghai economic zone can be expected soon.

Staff reporters Ren Jiayao [0117 0857 1031] and Zhu Xingqing [2612 2622 3237] made a special visit to "the treasure land in our Anhui province which can be built into the 'Ruhr' of East China, a heavy and chemical industrial base with mainly coal and iron resources. Starting from Bengbu in the east, extending to Fuyang in the west and adjoining Huaibei in the north, this piece of treasure land forms a fan-shaped isosceles triangle covering some 10,000 square km, with each side of the triangle measuring roughly 150 km. The rich coal resources of the area and the abundant iron reserve in the south are sufficient for several hundred years of large scale mining. Compared with West Germany's Ruhr region, we have the Huaihe River, while they have the Rhine; we, on a lower latitude, have a longer frost free season, but, being inland, the rainfall is somewhat less. Thus, the natural conditions are about the same. However, the iron needed by the Ruhr steelworks has to be shipped in from Sweden and Spain, but we, with Anhui's ample iron reserve, can draw on local resources and be entirely independent of import. Therefore, our heavy and chemical industrial region excels West Germany's Ruhr. One may say that the 'Ruhr' of East China possesses both the coal of West Germany's Ruhr and the iron of France's Lorraine. It is indeed a rare land of treasures richly endowed by nature, and its prospects are bright." Thus Professor Yang Jike, vice governor of Anhui province, enthusiastically expressed his conception to the reporters.

Shanxi has the richest coal reserve in China, but its mountainous terrain makes rail transport uneconomical and pipeline difficult to build. On the other hand, located in the southern part of the Huanghe-Huaihe plains, the triangular fan-shaped region in Anhui province has many river channels. Whether building canals, railways or coal sludge pipelines, no large investment will be needed. Once completed, the Jiang-Huai [Changjiang-Huaihe] canal now under planning will cut shipping cost and greatly lighten the load of the Tianjin-Pukou line. Such medium sized cities as Huaibei, Huainan, Bengbu, Fuyang and Suzhou and small cities as Mengcheng, Woyang, Guzhen, Huaiyuan and Suixi are scattered in the "Ruhr" of East China like stars in the sky, and can be built into industrial centers for coal, power, iron and steel, chemical industry, machine, building material, etc., each with its own special features. Even the industries of the Ruhr region are scattered in the various medium and small cities and towns, and there is no large city in the region. In terms of layout economy, it should be considered fairly rational.

Yangjike continued to say that the central government decided to build the Changjiang Delta economy with Shanghai as the center and the coal, heavy and chemical industrial base with Shanxi as the center to spearhead the system reform. It is an extremely wise decision and the key to the realization of the four modernizations. Anhui possesses resources, but lacks technical personnel and urgently needs support from all areas. If the "Ruhr" of East China discussed above is built into a heavy and chemical industrial base, the output of the six industries, including coal, will constitute 70 percent of that the entire East China region. By effectively cooperating and coordinating with the Shanghai economic zone, and by supplying energy and iron and steel to the Changjiang Delta region in support of its light, textile, machine and shipbuilding industries and its sophisticated industries such as precision instruments, electronics and aviation, thereby benefiting each other on equal ground, cooperating by a concerted effort, and sharing the glory and the profit, then the takeoff of the Shanghai economic zone can be expected soon.

As for the iron of Maanshan, the area possesses all the necessary steel smelting equipment and technology and is in a position to process locally, yet it puts them aside and ships its iron ore by rail for several hundred km to Shanghai for processing. It is indeed most uneconomical. Vice Governor Yang felt that Shanghai's iron and steel industry should develop toward the high level, such as special steel and alloy steel, instead of toward output, and hand over the task of roughing to Maanshan Steelworks and the future Huainan Steelworks, similar to West Germany's iron and steel industry which concentrates in Ruhr, not in Hamburg. By dividing the labor and cooperating, both the coast and inland will gain a greater economic benefit and greatly reduce the burden on rail transport.

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CSO: 4006/308

## INDUSTRY

### FOREIGN FIRM'S POOR-QUALITY EXPORTS COST IT \$1 MILLION

Guangzhou NANFANG RIABO in Chinese 31 Jan 83 pp 1, 3

[Article by reporter Wang Dekuan [3769 1795 1401]: "Knowledge Is Strength and Wealth; Finding That Imported Equipment Did Not Meet Design Requirements, Engineer Weng Jialong Used His Calculations To Refute the Technology Manager of a Foreign Firm, and He Won Compensation of U.S.\$1 Million for the State"]

[Text] Chief radio engineer Weng Jialong [5040 3946 7127] of the Second Marine Geological Survey Brigade of the South China Sea Geological Survey Command discovered, in the course of importing two sets of high-precision radio-guidance navigational systems, that the design of the systems contained mistakes. Through tests, he used irrefutable facts to prove that the equipment sold to our nation by a foreign firm did not meet the design requirements, and the foreign firm paid our nation U.S.\$1 million to compensate for the loss, thus protecting our nation's rights. This reporter recently learned of this during the awards activities held at the South Sea Geological Survey Command.

It happened like this: It was 1978. The Ministry of Geology and Mineral Ores had signed a contract to import two sets of radio-guidance navigational systems worth U.S.\$ 960,000 from a foreign company to explore petroleum resources on the ocean floor. The main function of this system was to enable ocean surveying ships to accurately measure the ships' position at any time in the ocean as they conducted various types of special surveys. In line with the contract regulations, the Ministry of Geology and Mineral Ores dispatched a four-member group to the headquarters of this foreign company for 20 days of training in 1979. Weng Jialong, who graduated as an electronics major in nuclear physics from Qinghua University in 1965, was a member of the training group. After accepting this mission, he studied the stipulations of the contract and the technical manual before going abroad. From his calculations and analyses, he quickly discovered that our nation had paid the foreign firm an extra U.S. \$67 million. He immediately reported this to the departments concerned. After negotiations with the foreign firm, this mistake was finally corrected, and thus a loss of \$67 million was recovered. Afterward, he made repeated calculations based on the technical manual presented by the other party and published papers. He again discovered that the actual results were different from the conclusions



claimed by the other party. He again informed his colleagues and higher level departments of this situation. At the time, the leaders concerned told him to go abroad for the training as planned, and to clarify the problem further during the training. He and three other comrades arrived at the training center and participated in intensive training and learning activities. One day, a person in charge of technical affairs at the foreign firm came to lecture, but he talked only about operating methods. He did not mention anything about the design principles of the system. Weng Jialong stood up and said, Sir, can you explain the design principles of the system? The foreign company representative said, What do you mean by the design principles? Weng Jialong said, For example, the proof of the principle of the functions of the equipment, especially the derivation of the relationship between channel recognition ability and the stability of precise measurements. The foreign representative said, I was not involved in such work. Weng Jialong said, I did, but I do not know if I am correct. With your permission, can you let me try? The foreign representative said, Yes, you do it.

Thus, Weng Jialong went to the lecture platform and began on the blackboard to establish step by step the mathematical equation for the phase relationship to derive the position of vessels according to the design principles of the system--especially the foreign company's claim that the system could accurately and precisely show the position of vessels within 2 to 3 meters within a range of 85 kilometers (i.e., channel recognition ability and the stability of precise measurements). At each step, he asked the opinion of the foreign representative, and the answers were "good" or "yes." In this way, the conclusion of the derivation in the form of a mathematical function emerged. After the foreign representative agreed that the derivation was correct, Weng Jialong said: "Sir, if you agree that the work in front of me has no mistakes, then, pardon me, but I believe that the channel recognition ability of the system you have provided cannot be reached." The foreign representative had to admit: "Yes, it would be very difficult." Weng Jialong said, Of course, my proof may still have some flaws. The Chinese have a saying that practice is the only criterion for testing the truth. Can we test the system by means of a simulated test? Thus, in response to Weng Jialong's demand, a simulated test was conducted in the laboratory. The results proved he was right. This system had failed to meet the original design requirements and indices.

During the course of delivery and testing in our nation in 1981, both parties negotiated on how to terminate the contract because the equipment had failed to meet the design requirements. Weng Jialong, as an engineer of the new generation trained in China, explained our position concerning the contract stipulations. He pointed out that the equipment of the two sets of systems provided by the foreign party had failed to meet the design requirements it was supposed to meet. Because of this, our work in prospecting for petroleum resources on the ocean floor had been delayed. The foreign party should be responsible and should pay for our loss. Thus, with the joint efforts of higher level departments and other units, the foreign party had to admit to this fact, signed an agreement to terminate the contract, and paid U.S.\$1 million as compensation.

GENERAL

## APPROACH TO STUDY CHINA'S FUTURE DISCUSSED

### Direction of Futurology

Shanghai WEN HUI BAO in Chinese 24 Jan 83 p 3

[Article by Yu Guangyuan [0060 0342 6678]: "Uniting Ideals and Reality Is the Direction of Futurology"]

[Text] If futurologists can be divided between optimists and pessimists, we Marxists are without doubt optimists, optimists with regard to China or the world.

The grounds or argument of the pessimists have two aspects, material factors and spiritual factors. With regard to material factors, what they point out are simply food, energy, resources, environment, population, and so forth. With regard to spiritual factors, it is no more than the ideals of people themselves and the various types of social relationships among people. After this, they put forward one kind of crisis or another, which seems to have no solution. Is it true to say that they've done research on a number of questions? We should say, "yes, they have." Is it true that they've made a number of calculations? We also should say, "yes, they have." However, in making their calculations and in doing their research, they always disregard a prerequisite which must be considered. This prerequisite is that human society is moving towards communism. If mankind were to remain in a society of private ownership and make no further progress, then the pessimistic conclusions of their research and calculations should be recognized as true or basically true. But when we factor in the above-discussed prerequisite, all their research and calculations do not add up to the truth. Their function in practice can only be to spread various incorrect ideas.

The research of palaeoanthropologists holds that man originated in the early and middle periods of the Pleistocene Epoch, which were 500,000 or 600,000 years from the present period. That was the time of the "ape man" which included the "Peking Man." Based on the tools which were used, that time belonged to the first period of the Old Stone Age. Later, down to the time of the "ancient men", that is, the late period of the Pleistocene Epoch, we were still 100,000 or 200,000 years from the present. The culture of that period still belonged to the Old Stone Age. World history writes that even at the time of the ape men and ancient men, the collective was

no longer the ape herd but rather the joining together of men. This was already the primitive commune, and mankind of that time was dwelling in a society of primitive communism. I am not certain if it was completely without strife. But by the time of the New Stone Age, people were already making stone and bone tools; they were painting, sculpting and doing handicrafts, and living by hunting and fishing. We may also say that they were living in a primitive communist society. The people of the New Stone Age and the modern men who developed from them lived in primitive communism. This kind of society existed in the world for several tens of thousands of years. The society of private ownership which arose following the disintegration of primitive communist society has lasted 4,000 to 5,000 years the most. Private ownership has already been abandoned in several countries. It is abundantly clear that world history is once again heading towards communism. All the countries of the world will sooner or later follow this path. And following the victory of this kind of communist society in the world, private ownership will never be seen again. This new communist society will exist for hundreds of thousands or millions of years. Consequently, it can be seen that the society of private ownership has been nothing more than a temporary aberration in the history of mankind. If we are to consider futurology, this point is probably most important and most fundamental. Whether or not we consider this point as the most fundamental content in futurology should be the basic dividing line between Marxist and non-Marxist futurologists.

This boundary not only manifests itself in the question of our view of future society, but also in the questions which futurologists raise. If private ownership was to last forever or for a very long time, then the circumstances in such areas as food, energy, environment, and population would be of one sort; if this was not to be the case, then these questions would be of an altogether different sort. Under private ownership, even in modern day advanced capitalist countries where production is most developed, organization is best, and science and technology most advanced, they cannot overcome the reality of "mutual contradictions in the conditions of social anarchy within the entirety of production and the socialized organizations within various factories." And with the arrival of communist society, "the anarchic conditions in social production will be replaced by planned, self-aware organizations." "Only at that time would man, at a certain level of meaning, have finally left the animal world; he would have left the living conditions of animals and entered the living conditions of true men. Until today, man's environment has controlled the living conditions of man. Now it is controlled and managed by man. Men have for the first time become the self-aware and true masters of the natural world. This is because they have already become masters of their own social unity." "Only beginning in this age will men be able to completely and self-consciously create their own history."

The above statements are from a book by Engels which everyone is familiar with, "Development of Socialism from the Utopian to the Scientific." Some people might think that I should not have quoted from it in such a way, but I believe it was necessary. The cries which some futurologists speak of are a result of the fact that people are being controlled by the linking

of what are to them alien natural laws and social laws. If the kind of changes which Engels wrote about occurred between man and nature and in social relations, then both natural scientists and social scientists would be able to explain how all these crises would not happen or would be eliminated just as they were beginning to take place.

Perhaps people will say that there are many problems in countries which have instituted public ownership, that some very severe problems still exist. They may say that what I have said above does not pay attention to reality. I don't think that this kind of criticism will hold water. The socialism of today is still the first stage of communism. It has already exhibited its superiority. However, this kind of social system is still in the process of being perfected and developed. In this stage it will not completely achieve what Engels has written about; it also cannot be the unattainable basis which Engels spoke of.

Perhaps some people will say that to regard questions in such a way is to take too long a view of the problems being considered. The characteristic of futurology is to take the long view; otherwise it is not futurology. Why shouldn't it be that in some countries of the world this new kind of communist society is being built--of course it is only in the initial stage, only in the early stage of the initial stage today.

Of course I approve of futurologists who not only want to do research on the far-off future but also on the near future. Moreover, they not only want to research science concerned with the future but even technology. Whatever things have not yet happened in human society are objects of research for futurologists. However, even if it is research on the rather near future, it must not depart from scientific judgements concerning the force of general historical development.

Non-Marxist futurologists have their own standpoints and viewpoints; we do not insist that they agree with the Marxist viewpoint. We hope that they conscientiously treat and consider the questions raised by us Marxists. But we who hold Marxist scientific convictions cannot randomly echo incorrect viewpoints. This is something to which attention must be given.

I believe that research in futurology should assist in strengthening our belief in victory, in our employing the spirit of objectivism to scan the future, and in establishing our ideals. At the same time, the research of futurology should assist us in clearly recognizing the difficulties which may be encountered in the unrolling of the future. The direction of the research of futurology should be to combine ideals with reality.

## China In Year 2000

Shanghai WEN HUI BAO in Chinese 24 Jan 83 p 3

[Article by Yu Guangyuan [0060 0342 6678]: "Research on China of the Year 2000"]

[Text] We who are living in an area with one-quarter of the population of the world are undertaking socialist construction. In this construction the people must be concerned with the future of the motherland. When we, as philosophical materialists, consider future development, we must first of all give attention to grasping the objective course of things, and consequently attach great importance to the science of research on the objective course of future development. We simply must take what can be achieved objectively--of course it must be development which is worth striving for--as our goals of struggle. We must not only have the far-reaching communist ideals of doing the maximum and distributing according to need, but also the rather concrete ideals of striving to achieve things within a not-too-long time period. This will be the basis for a long-term program of objective research on the future. This "not-too-long time period" of course reaches first of all to the year 2000. With regard to research on China in the year 2000, the relevant aspect is to undertake considerable work. China's researchers in futurology should probably also start a bit earlier to do this work. Of course we can also extend this period by a few years and study China beyond the year 2000. With regard to the world in the year 2000, foreign scholars have already written numerous articles. China cannot divorce itself from the world, and their research has application to our country; but we must make independent judgments. Research on China of the year 2000 should be undertaken by us.

We must master the approach for carrying out this kind of research. There are many factors which determine future development, such as the political and military, economic and technological, scientific and educational, social and conceptual; and at the same time people already know that there are certain important questions which have an especially strong influence on future development. Research on these numerous factors and individual important questions can be the foundation for comprehensive research on social history and future development. Moreover, in this kind of individual research, because of the general relationship of things, much substance in the development of history in general is included. However, comprehensive research by specialists is essential, and even more difficult. In this we must make all kinds of calculations, and what is even more important is that we become adept at applying the method of dialectical materialism in our thinking. If we are to make abstract considerations about the method for researching future development, they can only be penetrating often we have rather abundant concrete practice behind us. Action is the first thing. Before we develop a set of mature methods, we can first apply general scientific research methods. Certain methods which specialists use on doing research on the future may be summed up upon their completion. We hope that the comrades doing research on China's future will be able,

within the near future, to invite specialists in all fields to draw up a rather detailed outline for studying the relevant factors and questions concerning China of the year 2000. They must use this outline to organize the research work.

Now it is less than 18 years to the year 2000. If we don't proceed rapidly, research on the future will become research on the past. The flower which blooms late is better than the flower which doesn't bloom. If we begin now we can still accomplish something.

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## GENERAL

### EXPLANATION OF TERMS USED IN SIXTH FIVE-YEAR PLAN

#### I. GENERAL

PLANS FOR NATIONAL ECONOMIC AND SOCIAL DEVELOPMENT--They refer to the state's planning and arrangements for the main activities in social reproduction and the main aspects of scientific, technological and social development during the planned period. In the past, our national plans were mainly plans for economic development, and lacked sufficient details. Beginning with the Sixth Five-Year Plan, the plans compiled for national economic and social development include the steps not only for economic, but also for scientific, technological and social development. The main components are: the total social output and national income, agricultural and industrial production, transportation, posts and telecommunications, fixed asset investment, building industry, domestic commerce, foreign trade, finance and banking, foreign exchange receipts and payments, distribution of supplies, scientific and technological research and application, research in social sciences, education, culture, public health and sports, exploitation and upkeep of national land, regional cooperation, population, people's livelihood, environmental protection, social order and so forth. Plans for national economic and social development are classified either by levels or by periods of time. In the former, there are national plans as well as local plans at various levels: in the latter, there are long-term plans of more than 10 years; medium-term plans of approximately 5 years; and short-term plans of 1 year or less. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 18 Dec 82 p 3] 9411

INDEPENDENT AND RELATIVELY COMPLETE NATIONAL ECONOMIC SYSTEM--National economic system refers to the main body of national economy formed of material and non-material sectors. The so-called independent and relatively complete national economic system established in our country means, first, a system which is independent and free from foreign control, and, second a system with a relatively complete assortment of categories and a fairly good coordination among agriculture, industry, building industry, transportation, commerce and science and technology which are basically suitable for economic construction and the development of culture and national defense as well as the improvement of people's livelihood. [Text] [Beijing ZHONGGUO CAIMAO in Chinese 18 Dec 82 p 3] 9411

TOTAL SOCIAL OUTPUT--Also called total national economic output, meaning the grand total of the outputs of all material production departments of the state

in a certain period. Material production departments include those of industry, agriculture, building industry and those serving production such as transportation and commerce. As a form of use value, total social output can be classified into two major categories: the means of production and consumer goods. As a form of value, it includes: 1) the value transferred from the means of production which has been consumed in the process of production; 2) the value of the products which the laborers of the material production departments must produce to offset what they get in the way of remunerations; and 3) the value of surplus products which the laborers of the material production departments must produce for the society. The total social output reflects the total gains in production for the society within a certain period, and is an important index for studying the scope, level and speed of economic development. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 18 Dec 82 p 3] 9411

MEANS OF PRODUCTION--This means the sum total of all material conditions, such as the instruments of labor and objects of labor required by the laborers in the process of production. Instruments of labor refers to the factory buildings, building structures, equipment and machinery. Machinery, equipment and other tools of production play a decisive role as instruments of labor. Objects of labor refers to all things to which human labor has been added. They are classified into two major categories, namely, natural objects and raw materials which have been processed by labor. The former refers to, for example, the mineral deposits waiting to be exploited and the trees in virgin forests waiting to be felled; while the latter refers to the cotton for spinning and the steel to be manufactured into machinery, and so forth. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 18 Dec 82 p 3] 9411

CONSUMER GOODS--Also called means of subsistence, referring to the portion of social products required to satisfy people's needs in their material and cultural life, including food, clothing, daily necessities, cultural and educational supplies, newspapers and magazines, pharmaceutical products and supplies, fuel and so forth. The majority of consumer goods in our country at present are agricultural and light and textile industrial products, while a minor portion is produced by the heavy industrial departments. There are one-time consumption and nondurable goods, such as foodstuffs, clothing, soap and so forth; and durable products, such as furniture, bicycle, sewing machine, refrigerator, TV sets and so forth. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 18 Dec 82 p 3] 9411

GROSS INDUSTRIAL OUTPUT VALUE--This means the total output of industrial enterprises expressed in monetary terms. In addition to the prices of the current year, constant prices can also be used for calculating the value so that the results of different periods can be compared. It is a comprehensive index reflecting the general scope and general level of industrial production in a certain period, and provides important data for studying the rate of industrial growth and the proportionate relationships between industry and agriculture, between heavy and light industries, and among various departments within industry; and for calculating industrial labor productivity. According to the current methods of statistics, the total industrial output value is calculated with the "factory method," which is based on the results of productive



activities in each factory. For example, if a cotton textile and printing-dyeing factory produces cotton yarns, cotton cloths and also printed and dyed fabrics, the output value of this factory should be calculated according to the value of the commodity output of cotton yarn, cotton cloth and printed and dyed fabrics only, but not the value of yarns and fabrics used by itself. That is how duplication can be avoided in calculating the total industrial output of a factory, although the problem of duplication in the society still exists. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 18 Dec 82 p 3] 9411

GROSS AGRICULTURAL OUTPUT VALUE--This is the total output in agriculture, forestry, animal husbandry, sideline production (including industry run by communes and production brigades) and fishery. In addition to the prices of the current year, constant prices can also be used for calculating the value so that the results of different periods can be compared. It is a comprehensive index reflecting the general scope and general level of agricultural production in a certain period and provides important data for studying the rate of agricultural growth and the proportionate relationships between industry and agriculture and among the various departments within agriculture. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 18 Dec 82 p 3] 9411

NATIONAL INCOME--This represents the value newly created by the laborers of material production departments in a certain period, or, in other words, the grand total of net industrial output value, net agricultural output value, net building industrial value, net transportation output value and net commercial output value. It comprehensively reflects the level of economic development in that period. Net output value refers to the remaining value after deductions for the consumption of the means of production (including fuel, power and raw and semifinished materials) and for the depreciation of equipment. It stands for the value newly created by the laborers in the course of material production. According to departmental classification, there are net industrial output value, net transportation output value and net building industrial output value, net transportation output value and net commercial output value. In a department or an enterprise, this index can only roughly reflect the newly created value, because the net output value is calculated according to the prices which are apt to deviate from the value to a certain extent. At the same time, it can be affected by the factor of taxation. However, for the national economy as a whole, since the net output value does not include the value of the means of production which has been consumed and there is not duplicate calculation, it can fairly accurately reflect the final result of social production. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 18 Dec 82 p 3] 9411

ACCUMULATION FUND--It is the portion of national income to be used in expanded reproduction, in nonproductive construction and in building a social material reserve. In terms of the systems of ownership, there are state accumulation, collective accumulation and individual accumulation; in term of utilization, there are productive accumulation and nonproductive accumulation; and in terms of its role in the process of production, there are fixed asset accumulation and liquid asset accumulation. The proportion of accumulation fund in the national income used is called accumulation rate. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 18 Dec 82 p 3] 9411

CONSUMPTION FUND-- This is the portion of national income to be used for consumption by individuals as well as society. The individual consumption fund is used for paying the laborers as remunerations for their labor and as other income, such as the wages of workers and staff members, the income of peasants from the collective economy and their household sideline production, and so forth. The social, or public, consumption fund includes the state administration fund, the fund for developing sciences, culture, education and public health undertakings, and for social security. [Text] [Beinjing ZHONGGUO CAIMAO BAO in Chinese 18 Dec 82 p 3] 9411

LABOR INVESTMENT--This refers to the investment in certain engineering projects or development of production which require a huge input of manpower, such as the projects of water conservation, afforestation, building prairies, bridges and roads, exploitation of small mines, building urban parks and so forth. Appropriate labor investment is of great significance in promoting the national economy and the development of social undertakings. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 18 Dec 82 p 3] 9411

ECONOMIC RESULTS--This shows the comparison between the consumption or use of labor and the fruits of labor in economic activities and reflects the utilization of manpower and material and financial resources in various links of social reproduction. To facilitate assessment, they are classified into enterprise economic results and social economic results. Under socialist conditions, improvement of economic results means the minimum consumption or use of labor to supply more and better socially needed products. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 18 Dec 82 p 3] 9411

ECONOMIC AND TECHNICAL INDICES--These indices show how the national economic sectors and the basic-level units have used their raw and semifinished materials, equipment, fund and labor and the result of the use. For example, there are economic and technical indices for output, varieties, quality, consumption of raw and semifinished materials and fuel and power, production costs, labor productivity, use of circulating funds, proceeds from sales, profits and so forth for assessing the performance of industrial enterprises in our country. The indices for assessment can be either raised or lowered according to the realities in different periods. [Text] [Beijing ZHONGGUO CAIMO BAO in Chinese 18 Dec 82 p 3] 9411

RATE OF AVERAGE ANNUAL GROWTH--Also called average rate of progressive annual increase. It reflects the average margin of increase in the national economy each year within a certain period. There are two methods of calculation: the "Level method," whereby the rate of average annual growth is calculated by comparing the level in the final year with that of the base period; and the "accumulation method," whereby the same rate is worked out by comparing the sum total of the levels of all years with that of the base period. The "level method" is commonly used in our country. [Text] [Beijing AHONGGUO CAIMAO BAO in Chinese 18 Dec 82 p 3] 9411

TRADE STRUCTURE--This refers to the composition of material production departments and trades and the relationship between them. It also includes the composition of and relationship between the two major categories of products,

namely the means of production and the consumer goods; the composition of and relationships between agriculture, industry, building industry and those departments serving production, such as transportation, posts and telecommunications and commercial departments; and also the composition of and relationships between various trades within these material production departments. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 18 Dec 82 p 3] 9411

PRODUCT MIX--This refers to the composition of and relationships between social products. There are many types of product mixes according to their use, their functions, their quality and the intensity of their processing. For example, there are the product mixes of primary products and processed products; of intermediate and final products; of high energy consumption and low energy consumption products; of high labor intensity and low labor intensity products; and of high-grade, medium-grade and low-grade products. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 18 Dec 82 p 3] 9411

OVERALL BALANCE--This is the basic method to work out the plan for national economic development. A socialist country should rationally distribute its manpower and material and financial resources in the main body according to the economic law and natural law in order that there will be a balance between social production and social needs, between various links in social reproduction, and between the various sectors of the national economy as a means of ensuring the proportionate and harmonious development of the national economy and the social undertakings. In working out an overall balance, we should seek truth from facts, do things within our capability, stress economic results, bear in mind the overall situation and leave some room for adjustment. While paying special attention to the key projects, we should also think of the ordinary tasks and combine the partial with the overall interests so as to give full play to the initiative of the central departments, the localities, the production units and the laborers. Over balance should be worked out by the country as a whole as well as by the localities. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 18 Dec 82 p 3] 9411

COMMAND PLAN--This is the plan relayed to the lower levels in the form of decrees by the state for the main activities in the areas of economic and social development. It is the main form of planned administration enforced by the state. Command plans are of a compulsory nature and must be fulfilled by the units concerned. The scope of their application includes the production, distribution and circulation of the means of production and consumer goods which have a bearing on the national income and the people's livelihood; and also the backbone enterprises which are connected with the overall national economy. This is an important embodiment of the organization and administration of production under the socialist system of ownership by the whole people. Certain targets of a mandatory nature are also necessary for the collective economy in, for example, the prescribed purchases and quota procurement of grain and other important agricultural sideline products. Command plans are relayed to the lower levels by the people's governments at various levels, or by the departments in charge of planning in accordance with the departmental affiliations. [Text] [Beijing ZHONGGUO CAIMO BAO in Chinese 18 Dec 82 p 3] 9411

GUIDING PLAN--This represents some opinion offered by the state as a guidance for the production of certain products and certain business activities of the enterprises. Fulfillment of such plans is ensured through the use of economic levers. This is another form of planned administration by the state. These plans are not compulsory in nature. The units concerned should use the state's guiding plans as the basis and organize their business activities to meet social needs in light of realities in their own units. The state mainly provides guidance through economic policies and economic means, or, whenever necessary, through administrative means in order that these units' economic activities will meet the requirements of state plans. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 18 Dec 82 p 3] 9411

MARKET REGULATION--This applies to the production and circulation of a small number of products which are carried out spontaneously according to the law of value instead of any planning. In other words, provided their action is within the limits prescribed by the state, the enterprises concerned are at liberty to plan their own production and circulation flexibly in accordance with market demands, while the state exercises its control through policies, decrees and industry and commerce administration. Market regulation serves as a supplement to planned production and circulation, subordinate and secondary to it but essential and useful nonetheless. The varieties of products subject to market regulation are numerous, and are supplied only seasonally and locally; however, their output value amounts to a very small proportion of the total social output value. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 18 Dec 82 p 3] 9411

ECONOMIC LEVERS--They are the economic means used by socialist countries to influence and regulate social production, exchange, distribution and consumption, to ensure the planned and proportionate development of the national economy and to improve the economic results. They usually refer to prices, taxes, credit, production costs, profits, wages and bonuses which are related to the category of value. The use of economic levers under the guidance of state plans will help regulate the economic benefits in all quarters and attain the expected economic goal. For example, by raising the prices, the state can encourage the production of commodities in short supply, or restrict the production of commodities in excessive supply by lowering their prices. The state can also set different tax rates and profit rates to encourage or restrict the development of production and to urge the enterprises to improve their management and operation in order to achieve better economic results. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 18 Dec 82 p 3] 9411

ECONOMIC SYSTEMS--This is a general term for the systems, forms and methods of the entire national economic administration, and includes the administrative systems for planning, finance, banking, prices, supplies, labor, fixed asset investment and the industrial, agricultural and commercial departments. The main function of an economic system is to determine the forms and methods to organize and control the various economic activities in the spheres of social production, distribution and circulation, such as the way to organize the system of ownership of the means of production, the way to establish economic administration organs, the way to divide economic responsibility and rights, and the way to regulate economic benefits. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 18 Dec 82 p 3] 9411

AGRICULTURAL PRODUCTION RESPONSIBILITY SYSTEM--This is a system of operation and management in the rural collective economy in our country. Under this system, the production tasks and economic benefits for the production units and individuals in the process of organizing agricultural production are clearly spelled out so that there will be a combination of responsibility, rights and interests. At present, the system of responsibility for agricultural production are mainly in the forms of paying remunerations according to short-term contracts, paying seasonal remunerations for specialized farm work done, fixing production quotas for households and allotting work to individual households. Adoption of the agricultural production responsibility system represents an important reform in economic administration in agriculture. By closely combining the material benefits of the laborer with the fruits of his labor, this system has brought into full play the superiority of socialist collective economy, aroused the enthusiasm of the broad masses of peasants and accelerated the development of productive power in agriculture. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 18 Dec 82 p 3] 9411

SYSTEM OF ECONOMIC RESPONSIBILITY FOR INDUSTRIAL ENTERPRISES--This is a system for the combination of responsibility, rights and interests in the operation and management of state-run industrial enterprises guided by state plans. There are two aspects to this system: First, in the relationship between the enterprise and the state, the system of economic responsibility clarifies the responsibility of the enterprise to the state and at the same time specifies the power possessed by the enterprises and the interests to which it is entitled. Second, the system entails economic responsibility at all levels within the enterprise from the various functional organs to the workshops, shifts and groups, and from the leading cadres down to the common workers. Adoption of the system of economic responsibility for industrial enterprises helps in the implementation of the principle "to each according to his work," in heightening the workers' sense of responsibility as masters of the country, and in reforming the management and operation, promoting production and improving social economic results. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 18 Dec p 3] 9411

SYSTEM OF RESPONSIBILITY FOR THE MANAGEMENT OF COMMERCIAL ENTERPRISES--This is the system of operation and management for state-run commercial enterprises whereby responsibility, rights and interests are combined under the guidance of state plans. It takes the specific forms of collective responsibility of the work groups, counter groups and so forth as well as individual job responsibility; and there are responsibilities for single or multiple tasks. Adoption of these systems of responsibility helps to improve commercial administration, to accelerate commodity circulation, and to improve the economic results and the quality of service. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 18 Dec 82 p 3] 9411

ECONOMIC STATUTES--This is a general term for the laws, decrees, regulations and the relevant documents issued by the state to specify and regulate the economic relationships among the administrative organs, enterprises, public agencies, urban and rural collectives and individuals. For example, the state has already promulgated the law of economic contracts, the law on Joint Ventures

using Chinese and Foreign Investment, the forestry law, the law of environmental protection, the rules and regulations concerning industrial and commercial taxes and so forth. They all belong to the category of economic statutes.

[Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 18 Dec 82 p 3] 9411

**ECONOMERICS**--This means the use of mathematical models in economic study and management to reflect the quantitative features of various economic activities and economic phenomena, their quantitative relationship, and the relevant laws. The mathematical models usually used in economics are the input-output model, the economic measurement model and the optimal planning mode. The development of this method will help us to understand the laws of economic development more comprehensively, intensively and accurately; and to improve and advance the study of socialist economy, as well as the work of forecasting, policy decisions, planning and business management. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 18 Dec 82 p 3] 9411

**TECHNO-ECONOMICS**--This refers to the work of evaluation, comparison, confirmation and prediction of different technical policies, technical plans, technical measures on the basis of their economic results. Its objective is to combine technical suitability with economic feasibility on the basis of our country's natural resources and its economic, technical and social conditions, in order to provide scientific data for the choice of the technical policy, technical plan and the technical measure with the best economic power, for example, we can compare the economic results of hydropower development with those of thermopower development; to produce synthetic ammonia, we can compare the economic results of the use of coal with those with the use of natural gas as raw materials; and in choosing the form of locomotive traction, we can compare the economic results of steam locomotive with those of diesel locomotive and electric locomotive; and so forth. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 18 Dec 82 p 3] 9411

**ECOLOGICAL BALANCE**--Ecology means the state of existence and development of all living things in certain natural environments. On the globe, the interdependence and mutual regulation among living things and between living and non-living things form various types of organically related entities. These entities form an ecological system, in which a certain relative balance among the various elements and a normal material circulation and energy exchange are maintained. If the natural ecological balance is upset, mother nature will wreak vengeance on us. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 18 Dec 82 p 3] 9411

**ECOLOGICAL BENEFITS**--The use of the self-regulatory power of ecological systems and the compensatory role between ecological systems to increase the regenerative power of species and to maintain and improve the natural environments and the stability of the ecological systems on which human beings rely for their existence, livelihood and production will yield overall environmental benefits, which are called ecological benefits. Ecological benefits are closely related to economic results. From the macroeconomic and long-range point of view, good ecological benefits are a prerequisite for good economic results. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 18 Dec 82 p 2] 9411

## II. AGRICULTURE

AGRICULTURAL ZONING--Based on a comprehensive analysis and evaluation of the natural, economic and technical conditions, the land of the whole country is divided into agricultural zones of different categories and grades. Then, in accordance with the principle of bringing into play the strong points and steering away from the weaknesses, the patterns of production, the directions of development and the measures for increasing output for different zones are determined in order that the best social economic results can be obtained. This type of work is called agricultural zoning. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 18 Dec 82 p 3] 9411

PURIFICATION AND REJUVENATION OF SEEDS--After being used in production for a certain period, the fine strains of agricultural crops will become mingled with others and show marked signs of degeneration, resulting in difference in the time of ripening and the deterioration in output and quality. In order to restore and maintain the superiority of the original fine strains, meticulous selection, appraisal and breeding are required for fine strains. This type of work and its processing are called the purification and rejuvenation of seeds. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 18 Dec 82 p 3] 9411

SYSTEM OF BREEDING AND DISSEMINATION OF FINE STRAINS--The breeding of fine strains means the production, propagation and nursing of fine strains in large quantities on the basis of consolidating and improving its properties. The system of breeding and dissemination of fine strains is a general term for the system of breeding and disseminating fine strains by the counties as units, by the original seed farms set up at county levels and by the fine strain farms (teams) and dissemination stations below the county level. [Text] [Beijing, ZHONGGUO CAIMAO BAO in Chinese 18 Dec 82 p 3] 9411

COMPOSITION OR CHEMICAL FERTILIZERS--The main varieties of chemical fertilizers in our country at present are produced from nitrogen, phosphorous and potassium. The so-called composition of chemical fertilizers refers to the proportions in quantity of nitrogenous, phosphate and potassium fertilizers being produced and used. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 18 Dec 82 p 3] 9411

HIGHLY-EFFICIENT COMPOUND FERTILIZERS--Compound fertilizers generally refer to those containing nitrogen, phosphorus and potassium, or any two of them, and manufactured through chemical processing. Those containing high percentages of nitrogen, phosphorus and potassium are called highly efficient compound fertilizers. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 18 Dec 82 p 3] 9411

TRACE ELEMENT FERTILIZERS--The growth of agricultural crops requires many types of nutritious elements. In addition to large quantities of nitrogen, phosphorus and potassium (approximately 95 percent), it also requires very small amounts of boron, manganese, copper, zinc and molybdenum. All fertilizers of this type are called trace element fertilizers. Application of trace element fertilizers can produce marked effects in the increase of output. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 18 Dec 82 p 3] 9411

INSECTICIDES OF HIGH EFFICIENCY, LOW TOXIN, LOW POISONOUS RESIDUE--High efficiency refers to the effectiveness--more than 90 percent effectiveness--of insecticides in the prevention of pests. Low toxin refers to the low toxic effects on people and cattle, and low poisonous residue means the small amount of poisonous substances left by the insecticides on people and cattle. Application of insecticides of high efficiency, low toxin and low poisonous residue will effectively protect the crops, forests and prairies and help in environmental protection and pollution prevention. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 83 p 3] 9411

PERCENTAGE OF FOREST COVER--This refers to the proportion of forest areas to the total area. At present, the average proportion of forest cover in the world is 22 percent, while that in our country is only 12.5 percent. Generally speaking, a forest cover of more than 30 percent which is also evenly distributed will help reduce natural disasters and improve environmental conditions. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

NURSING YOUNG, MIDDLE-AGE FORESTS, INTERMEDIATE FELLING--This means the nursing of and attendance to young and middle-age forests and the felling of some trees when they are too thick. By this means, we can help the trees to grow faster and to yield more timber. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

RAPID-GROWTH, HIGH-YIELD FORESTS--This means the choice of suitable land for afforestation. There should be fairly favorable climatic, soil and other natural conditions for the land to be used for the planting of rapid-growth, fine-quality and high-yield saplings, and to be built into an artificial timber forest through intensive operation. The main types of saplings to be used are China fir, eucalyptus, wetland pine, torch pine [huoju song], poplar and larch. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 83 p 3] 9411

REAFFORESTATION OF DENUDED LAND--This means cultivate new forestry resources by artificial and other means on land which has been cleared of trees. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

CATTLE MAKEUP--This refers to the proportions of different sexes, ages, breeds, categories and varieties that combine to form a cattle flock. A rational cattle makeup is an important condition to ensure normal reproduction, to raise the rate of slaughtered cattle and to increase the output. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

HOGS WITH LEAN MEAT--If the proportion of lean meat in their torsoes is above 60 percent under standard feeding conditions, or above 55 percent under non-standard feeding conditions, they are called hogs with lean meat. These hogs have the characteristics of higher reproductive capacity and a higher rate of transformation of feeds into meat than those of fatty hogs. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

SYSTEM OF LICENSES FOR FISHING--Before engaging in production, the fishery units should, according to regulations, submit to the fishery administration departments the following items of information: name of vessel, number of vessel,



name of skipper, tonnage of vessel, main engine, horsepower, type of business, location, time, specifications of fishing equipment, quantity and the main types of fish to be caught. These units should also pledge to abide by the rules and regulations concerning the propagation of maritime resources. After receiving the application, the fishery administration departments will examine it and issue the fishing license. These procedures are called the system of fishing licenses. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p3] 9411

CATCH INTENSITY--This is a technical term for measuring the development and utilization of fish resources, referring to the proportion of the actual total catch to the available amount of fish resources within a certain period (usually 1 year). The available fish resources is determined by the regenerative capacity of the resources, and any catch that exceeds this regenerative capacity will result in destruction of the resources. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 83 p 3] 9411

FISHERY ADMINISTRATION--This is a form of administrative management for the purpose of preserving the ecological environment for fishery, the order of production and the rights and interests in fishery. Its main tasks are: to supervise and inspect the implementation of the fishery statutes; to submit proposals for the protection, utilization and propagation of fish resources and the related problems; to be responsible for the issuance of fishing licenses; to supervise and inspect the implementation of international fishing agreements; to maintain order in fishery production and assist the relevant departments in settling production disputes; and to preserve the precious maritime animals and plants as well as the ecological environment of water surfaces for fishing. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

BASIC QUOTA FOR PROCUREMENT OF AGRICULTURAL SIDELINE PRODUCTS--The basic quota for procurement means the portion of agricultural sideline products to be sold to the state after deduction of the portion to be retained by the peasants according to regulations. The ratio between these two portions is generally based on the average amount of procurement in the previous 3 years under normal agricultural conditions. The base portion of procurement is paid for according to official prices, while the surplus portion will be paid for at increased prices or negotiated prices. At present, above-quota procurement of grain, edible plant oil and cotton is being paid for at increased prices, namely, a 50 percent increase for grain and a 30 percent increase for edible oil and cotton. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 83 p 3] 9411

HERDING, INDUSTRIAL, COMMERCIAL UNION--This is a form of economic union in which cattle-raising, processing and commerce are combined. For example, the Harbin Herding, Industrial and Commercial Company is a union engaging in the raising of milk cows, the processing of milk and the selling of milk products. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

SYSTEM OF RESPONSIBILITY FOR DISSEMINATION OF AGRICULTURAL TECHNOLOGY--This is a form of the agricultural management responsibility system. The scientific and technical cadres at the county, district and commune levels play the main

role and sign contracts directly with the producers (groups or household) for technology in production so that the technology of planting and cattle raising and breeding can be applied in production. At present, this system takes the following forms: 1) Agricultural technical service company. This type of company is formed by the agricultural technicians on a voluntary basis, and is a collective organization practicing independent accounting. It enters into contract with production brigades and production teams, and charges service fees on the basis of the output. The company will be responsible for any loss resulting from wrong techniques supplied. 2) Scientific and technical association. It trains technical households for demonstration and disseminates agricultural science and technology. 3) The system of responsibility for technology in production. This system takes the form of contract for technology in production signed by the technicians, the production brigade cadres and the producers. The technicians will provide technical guidance and receive reward or pay compensation according to the surplus over, or deficit below the production quota undertaken. The production brigade cadres will be responsible for leadership, supervision and inspection over the responsibility plots and pay remunerations according to output, including bonus for above-quota output and penalty for deficits. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

FLOOD DETENTION AREAS--They refer to certain areas temporarily used to hold the excessive flow in the river. Flood detention areas are designated in natural low lands or in artificially dammed areas. When the flood of a river threatens human lives and property at the lower reaches, part of the water will flow into the detention areas before returning to the river. In this way, heavy losses at the lower reaches can be avoided or mitigated at some small and temporary sacrifice in the detention areas. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

PROJECT OF TRANSFERRING WATER FROM SOUTH TO NORTH--This is the project of transferring water from the Changjiang to the Northern China plains, especially the areas north of the Yellow River. According to the design, there are mainly three routes for water to be transferred from the south to the north: The eastern route, originating from the vicinity of Yangzhou in the lower reaches of the Changjiang. The water flows along the Beijing-Hangzhou Canal, being raised gradually in different stages until it has crossed Yellow River. Then it will flow by gravitation into the Northern China plains and Tianjin area. The middle route originating from the reservoir at the mouth of the Hanj and Danj rivers. The water is drawn through Shayin, a tributary of the Huai River, and across Huang River near Zhengzhou. The western route originating from the upper reaches of Changjiang. The water is drawn through Tongtian River into Qinghai before entering Yellow River. The project of transferring water from the south to the north is a strategic project with overall benefits. In addition to irrigating the farmland in the huge areas along the routes in Northern China, it also supplies water for urban consumption and industrial use and improves the navigation between the south and north. The advance work of this project is now proceeding in earnest. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

PROJECT OF DRAWING WATER FROM LUANHE--This is the project to draw water from Luan River in the eastern part of Hebei into Tiajin Municipality and Tangshan area after filling the Panjiakou and Daheiding reservoirs. After reaching the Daheiding reservoir in Qianxi County, Hebei Province, the water flow branches out into two channels. One of them, called the northern route of the project, crossed the watershed between the Luan and Li rivers, enters the Li river and flows into the Yuqiao reservoir in Jixian County. Then the water flows along the Zhou river into Jiuwangzhuang and through a canal into Dazhangzhuang. Finally, it flows into Tiajin Municipality through the Xinjin and Hai rivers. The other channel, called the southern route of the project, crosses the watershed between Luan and Huanxiang rivers, enters the Huanxiang river and then the Yinzhuang reservoir at Fengyun. Next, it crosses the watershed between the Huanxiang and Dou rivers and enters the Douhe reservoir through the Dou river to supply water for agriculture in Tangshan Municipality and the areas along the route. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p3] 9411

SHORT-RANGE FORECAST ON INCLEMENT WEATHERS--Inclement weathers here means the weathers of a transient and localized, but highly destructive nature, such as hailstorms, tornadoes, severe downpours and thunderstorms. Observation of these weather conditions should be carried out with weather radar or from the satellite cloud pictures before short-range (several hours) forecast and warning are issued. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

ULTRA HIGH FREQUENCY WEATHER INFORMATION SYSTEM--To improve the transmission of short-range forecast or inclement weather, the meteorological departments in some large cities have set up UHF weather information stations for the prompt broadcasting of significant weather changes. Under present technological and economic conditions, the units within a radius of 50 kilometers can use special radios which will automatically produce sound signals to alert reception when weather reports are broadcast. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

POWER OF OBSERVING AND FORECASTING DISASTROUS WEATHERS--Disastrous weathers refer to typhoons, cold waves, torrential rains, strong winds, frost, drought or low temperature affecting farming in certain seasons. The power of observation depends on the use of fairly advanced techniques by an observatory network of a fairly high density, so that it will be able to collect quickly weather data at home and abroad. The power of forecasting means the accuracy and promptness in forecasting as determined by the power of weather observation, scientific research (the level of knowledge of weather laws), and the degree of modernization in calculation and the transmission of information. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

### III. INDUSTRY

STANDARD COAL--Also called standard fuel. Since the calorific values of coal, electricity, petroleum, natural gas and other forms of energy are different, they are all converted into standard coal for easy measurement and comparison. According to existing regulations, 1 kilogram of standard coal is equal to 7,000 kilocalories (or 7,000 large calories). The average calorific value of various types of coal in our country is 5,000 kilocalories per kilogram which,

at this rate of conversion, is equal to 0.714 kilograms of standard coal. By the same calculation, in terms of standard coal, each kilogram of crude oil, having a value of 10,000 kilocalories, becomes 1.43 kilograms and each cubic meter of natural gas, having a value of 9,310 kilocalories, becomes 1.33 kilograms of standard coal. The conversion of hydropower into standard coal is based on the amount of standard coal consumed in the generation of thermopower in the current year. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

ENERGY UTILIZATION RATE--This refers to the ratio of the amount of energy actually utilized to the amount of energy supply. In power generation, for example, fuel of various types are burned in the boiler and transformed into steam which in turn operates the steam turbine and then the power generator. The amount of power generated and converted into calorie is called effective energy. The ratio of this amount of energy to the amount of calorie from the fuel used is called the energy utilization rate in power generation. There are national, local, enterprise and equipment energy utilization rates according to the way they are calculated. For example, if the total annual energy consumption in a province is 10 million tons of standard coal, and the total amount of energy actually utilized is 3 million tons of standard coal, then the energy utilization rate in this province is 30 percent. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

ENERGY CONSERVATION RATE--This refers to the ratio of the amount of reduction or conservation of energy during the planned period to the amount of consumption in the preceding period for producing the same amount of products. For example, the industrial department of a certain area consumed 10 million tons of standard coal in a previous period and saves, or reduces the consumption of, 0.35 million tons of standard coal in the planned period for producing the same amount of products, then the energy conservation rate is 3.5 percent. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

PER-UNIT COMPREHENSIVE ENERGY CONSUMPTION--Energy in various forms (coal, petroleum, electricity and natural gas) which is directly consumed in producing each unit of product is calculated in terms of standard coal according to the calorific value of each form. Such consumption is called per-unit comprehensive energy consumption. For example, the consumption of coal, coke, electricity and fuel oil in producing 1 ton of steel is called per-ton comprehensive energy consumption of steel. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

ENERGY STANDARDIZATION--Energy standardization is an important aspect of standardization. It includes the standardization of energy products, energy equipment and appliances, energy technology and grid, and energy control. These forms of standardization and their implementation will help us attain the goal of energy conservation. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

CENTRAL HEATING--Also called zone heating, meaning the utilization of steam and hot water from the thermopower stations and large boilers, or the residual industrial heat for supplying heat through a network of pipes to an area for

production of daily needs. Compared with the use of boilers of individual users for heating purpose, this form of heating can help conserve fuel, reduce the service of administrative personnel, facilitate the prevention of smoke and dust and improve the environmental hygiene. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec p 3] 9411

HEAT-POWER COMBINATION--Also called the combined production of heat and electricity, or both power generation and heating. The steam produced by boilers is first used for power generation. Then the steam already used by the turbine (or the hot water so transformed) is supplied to the enterprises for production or to the people for their daily use. Heat-power combination is an advanced method of energy supply, since its energy utilization rate can be above 75 percent, and 30-40 percent higher than that of the plants engaging in power generation alone. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

EXTRACTION-TUNNELING RATIO OF COAL MINES--This refers to the ratio of the amount of coal extracted (calculated in terms of 10,000 tons) to the length of tunnels (in terms of meters). This ratio is restricted by geological conditions, the plans of tunneling, the methods of mining, the machinery equipment, and the organization and management of labor. If the output of coal in a mine is beyond a certain limit, an imbalance between extraction and tunneling will result and it will be difficult for coal production to continue. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

ALL-ROUND MECHANIZED COAL MINING--This means complete mechanization in the shafts including mechanized stripping, loading and transportation of coal and support for the roof. The main items of equipment used are the hydraulic jack and hydraulic system (the emulsion pump and the mixing tank), the face strike-off board, the transfer machine, the retractable conveyer belt, the mobile converting station, the spray, and the equipment for communications, signaling, illumination and power control. Complete mechanization has its strong points in safety, high and stable output, high efficiency and low labor intensity. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

HIGH-GRADE COMMON MECHANIZED COAL MINING--This method of coal mining is in between common mechanization and all-round mechanization. It is more adaptable and the scope of its use is fairly large. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

COAL WASHING, SELECTING, PROCESSING--This means the use of physical and chemical methods to remove the impurities (such as ashes, gangue, wood chips, and metal scraps) that have been collected during mining and transportation, in order to improve the quality of coal. After being washed, selected and processed, the coal will be more suitable for metallurgy, power generation and civilian use. This method also reduces the transportation load and environmental pollution and raises the energy utilization rate of the coal. [Text] [Beijing ZHONGGUO CAIMO BAO in Chinese 21 Dec 82 p 3] 9411

WASHED COAL PROPORTION--This refers to the ratio of coal which has been washed and selected in a certain period to the total coal output. The washed coal

proportion in our country is fairly low, being approximately 18 percent. In England, Japan and France, it is above 90 percent. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

SEISMIC SURVEYING LINE--Verification of the underground geological structure with the method of artificial earthquake in the search for mineral deposits is called seismic prospecting. The surveying line used in field work is called seismic surveying line, and the study and analysis of the data gained within the scope of the survey lines will show the geological structure and the seismic cross-section to be used as data for design and well drilling. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

CONTINENTAL SHELF--This is form of the continent and the ocean on the earth surface. Between the continent and the ocean is a marginal zone called the continental shelf. According to stipulations of the continental shelf pact adopted by the first international conference on ocean laws held in Geneva in 1958, a continental shelf starts from the shore and extends towards the seas down to a depth of 200 meters. Many countries in the world have discovered large oil and gas fields on continental shelves. In our country, oil prospecting is also developing in the direction of the continental shelf. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

OILFIELD RECOVERY RATIO--This refers to the total amount of oil extracted throughout the extraction period compared with the primary geological reserve. The level of oilfield recovery ratio is generally related to the geological conditions, the forms and the technology of exploitation. The oilfield recovery ratio in the world at present is generally 25-50 percent. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

COMPREHENSIVE RATE OF PROGRESSIVE DECREASE IN CRUDE OIL OF OILFIELDS--When an oilfield has been in operation over a prolonged period, the underground drive force for oil will be reduced and the output of the oil well will be decreased every year. This is called natural progressive decrease. To slow down this decrease, many different measures are adopted in the course of production in order to increase the output. The amount of natural progressive decrease minus the amount of increase resulting from the remedial measures is called the comprehensive decrease of oil output. Comprehensive rate of progressive decrease is the ratio of average daily output of an old well in the oilfield in one year to the daily output on the first day of the same year. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

GAS FROM COAL--This refers to the natural gas formed in the coal layers or the coal-bearing strata. Many large oilfields in the world have gas forming layers. Our country has abundant coal resources, and based on surveys, there are good prospects for gas resources from coal. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

HYDRO-ENERGY UTILIZATION RATE--The energy produced by the waterflow or the water-drop is called hyrdo-energy. The ratio of the amount of energy which can be utilized after transformation from hydro-energy to the energy reserve is called hydro-energy utilization rate, which shows the extent to which water resources have been exploited and utilized. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

ELECTRICITY LOAD CARRYING CENTER--The load of electric power is on the equipment in which electricity power is consumed, and is measured in terms of kilowatts. The load carrying center refers to the areas where the load is concentrated. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

REACTIVE COMPENSATION--It is necessary to set up a magnetic field in the course of power transmission or transformation. The power consumed in setting up this magnetic field is called reactive load. The installation of reactive equipment in converting stations or in the vicinity of the users to supplement the shortage of the reactive power of the power grid is called reactive compensation. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

POWER GRID--This is part of the electric power system, and is formed of converting stations and transmission circuits of different voltages. The function of power grids is to transmit and distribute electric energy to various localities and units of consumption. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

EXTRA HIGH TENSION TRANSMISSION AND TRANSFORMATION SYSTEM--This is formed of the circuits for transmitting electric power and the transformers. The higher the voltage, the more powerful will be the transmission and the longer will be the distance of transmission. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

INSTALLED GENERATING CAPACITY--This refers to the capacity of the generating equipment which has been completely installed and in regular operation, including the capacity of its normal operation and as a reserve unit during repairs. The standard capacity of each unit is shown on the data plate, and the capacity is calculated in terms of kilowatts. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

CONTINUOUS CASTING RATIO--There are two different ways to make steel ingots out of molten steel: first, reheating before cogging; and second, continuous casting which means the continuous casting of steel molds from molten steel. The latter can help reduce the process of roughing, cogging and cropping, raise the percentage of useful products, improve the quality and conserve energy. Continuous casting ratio means the percentage of steel molds from continuous casting in the total amount of steel ingots. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

IRON-STEEL RATIO--This refers to the ratio of pig-iron output to steel output. At present, in the iron and steel industry of our country, the consumption of energy during the various work processes before iron smelting accounts for 70 percent of the total energy consumption. The use of more discarded steel and less pig-iron, thus lowering the iron-steel ratio, will greatly reduce our energy consumption. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

PERCENTAGE OF USEFUL STEEL INGOTS--This refers to the percentage of finished steel materials in the amount of steel ingots consumed. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

COMPREHENSIVE COKE RATIO IN IRON SMELTING--This refers to the consumption of various types of fuel, converted into the amount of coke in the production of each ton of pig iron. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

INTERGROWING AND ASSOCIATED MINERAL--Intergrowing minerals refers to the ore-bodies of several mineral species in the same mineral bed which are up to the requirements of industrial exploitation. Associated minerals means many components useful to industry in addition to the main species in the same mineral bed. In an iron mine, for example, there are usually also cobalt, nickel, copper and molybdenum, which are called associated minerals. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

NONFERROUS METALS--This is the general name for all metals other than iron, manganese and chromium--which are known as the three ferrous metals--such as aluminum, copper, lead, zinc, nickel, tin, tungsten, molybdenum, antimony, mercury, gold, silver and so forth. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

RARE METALS--The deposits of these metals in the crust of the earth are rare and widely scattered. They are, for example, lithium, titanium and tantalum. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

RARE EARTH ELEMENTS--Also called rare metal. They are the general name for scandium, yttrium, lanthanum, praseodymium, cerium and 12 other elements. They are called rare earth elements because at the time of extraction in the past, they resembled oxidized metals of alkaline soil. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 83 p 3] 9411

STANDARDIZATION--In a broad sense, standardization means the use of a unified technical standard for the same type of goods or engineering construction, and this standard serves as the basis in production and construction. In a narrow sense, it means the use of unified standards for the types, functions and measurements of products, accessories and spareparts; the raw materials, technology and equipment used; the symbols and signs used in technical documents; and the technical measures to enforce them. The practice of standardization will help simplify the varieties of products, raise the quality, facilitate the interchange of accessories and spareparts and lower the production cost. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

SERIALIZATION--This is a technical measure to select, assort and classify the industrial products of complex varieties and specifications but serving similar purposes. Its basic requirement is the selection of a product of good performance and rational structure to be used as the basic model. On this basis, other products are rationally graded and arranged in order according to their specifications, so that they will combine to form a whole series of products. Through serialization, we can use less varieties and specifications to suit a wider range of requirements. It will help to increase the output, develop new varieties and lower production costs in addition to better coordination between the main and the auxiliary equipment. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411



PRIMARY PRODUCTS--This refers to the agricultural sideline products and mineral products which have not been processed, such as grain, cotton, crude oil, coal, mineral ores and so forth. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

PROCESSING INTENSITY--This refers to the number of times and the extent of the processing of primary products. Generally, higher processing intensity means greater value for the product. For example, the distillation, catalysis, chemical comprehensive utilization and other forms of processing of crude oil in varying degrees will result in a greater variety of products and the value thus created will be far more than that of crude oil. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

"ECONOMICAL" WATCH--This means a wrist watch of simple mechanism. Generally, these watches have simple plates and less than 17 jewels. They are mostly inexpensive, but offer real economic benefits. Examples of these watches are the "Zhongshan Brand" wrist watches produced in Nanjing. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

COMPONENTS AND PARTS--Component refers to the basic unit which performs an important function in some machinery or electronic product, such as the jewel ball-bearings, springs and axial points in watches; the resistance, condenser and piezoelectric crystal for electronic products; and so forth. Parts refer to the functional parts consisting of several basic units, such as the voltage regulator, the amplifier, electronic vacuum parts, semiconductor integrated circuit and so forth. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

LARGE AND MEDIUM-SIZED COMPUTER SERIES--Electronic processors are mainly of six-scales--super-large-scale integration, very-large-scale integration, large-scale integration, medium-scale integration, small-scale integration and integrated circuit--according to their different complexities. All series of computers include the central processing unit, the corresponding peripheral equipment and various types of software. Large and medium-sized computer series is a general term for both large and medium-scale computers. Generally, they can handle numerical data at a speed of 0.3-2 million operations per second and have a fairly complete assortment of peripheral equipment and software in addition to all the performances of the central processing unit. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

SOFTWARE--The electronic and mechanical equipment in the makeup of electronic computers are called hardware, while the various systems of programming in the operation of electronic computers are called software. A program is a sequence of instructions written by the user in the form of figures or symbols and coded into the binary system so that it could reside in an electronic memory. Software is generally of two types: First, it is used in the rational operation of the hardware of the computer so that it can be used to full advantage, or in the compilation of computer programming languages and their translation. This is generally called systems software. Second, it is used for programming the solution of specific problems. This is called application software. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

TV DUBBING--This means the use of two languages in separate sound tracks so that the viewers can choose to hear their own language. This method of telecasting can help resolve the contradiction in national minority regions. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

TV RELAY EQUIPMENT--This relay equipment consists of both the receiver and the transmitter. It receives on one frequency channel and transmits on another after amplification. This equipment is usually set up in mountainous regions or at the fringe of the coverage area of a transmitting station for the purpose of improving the local reception or enlarging the TV coverage area. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

#### IV. TRANSPORT, POSTS AND TELECOMMUNICATIONS

FREIGHT TURNOVER--This refers to the amount of work in transporting a certain volume of freight over a certain distance, and is the main index of freight transport by the transportation departments within a certain period. It is the product of the multiplication of the number of tons of freight by the distance transported and is expressed in terms of ton/kilometers (or ton/nautical miles). In our country, freight turnover is the main basis for our transport planning, our evaluation of the completion of transport tasks, and our calculation of transportation costs and labor productivity. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

ELECTRIFICATION OF RAILWAYS--The use of electric locomotives to supply motive power for trains and the formation of power supply systems for the haulage along the lines (such as motive power converting stations and contact systems) mean electrification of railways. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 83 p 2] 9411

CONNECTING LINES AND SHUNTING LINES--A connecting line is a passageway between two lines or at the periphery of the pivotal marshaling yard used to alleviate the pressure on the existing lines or on the pivotal marshaling yard. Shunting lines are railways newly built to take over the load which is excessive to the capacity of the existing lines. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

AUTOMATIC BLOCK DOUBLE-TRACK LINES--The use of automatically changing light signals to direct the operation of trains on double-track lines is called automatic block double-track line operation. By this means, more trains can run in the same direction between stations, and the railway's transport capacity will be increased. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

CONTAINER TRANSPORTATION--Containers are also called cargo boxes of a large size specially built for transportation. They are mostly made of steel, aluminum or other metals, and sometimes made of glass fibers or strong plastic. The use of containers in transportation can reduce damage in transshipment, and raise the efficiency of loading and unloading. It can also reduce labor intensity, expedite the turn-around of trucks and ships, fully utilize their load capacity, lower transport costs, and save the expenses of packing and storage. It marks an important improvement in the technology and management of transportation. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

LIGHTER SERVICE--Large transport vessels are usually berthed at wharves for loading and unloading with machinery. The so-called lighter service is used when large transport vessels are not berthed at the wharves so that the cargoes have to be loaded, unloaded and transported by small ships. Another form of lighter service is used when the large vessels are berthed at the wharves to be loaded and unloaded on both sides. Lighter service can help reduce the pressure on the wharves at ports and raise transport efficiency. [Text [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

DEEP-WATER BERTH--This refers to the location of the wharf in a port where vessels of 10,000 tons or more can be berthed. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 83 p 3] 9411

HARBOR'S CARGO HANDLING CAPACITY--Also called harbor traffic capacity, meaning the capacity to handle the loading and unloading of ship cargoes with the existing equipment and technology and under normal operating conditions in a harbor within a certain period. The capacity is usually calculated according to the number of tons loaded and unloaded in 1 year. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

AIR TRAFFIC CONTROL SYSTEM--Air traffic control refers to the service of supplying flight information and warnings, the direction and control of aircraft in flight, the maintenance of air traffic order, the prevention of air collisions and collisions between aircraft and ground surface obstacles, and the improvement of flight efficiency. The organizational structure of air traffic control, the assignment of personnel, the installation of equipment and the formulation of rules and regulations all combine to form an air traffic control system. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

TOTAL VOLUME OF POSTS, TELECOMMUNICATIONS SERVICE--This refers to the total volume of communications service provided by the posts and telecommunications departments to the society in monetary form. This volume mainly consists of the numbers of letters and parcels delivered, of mail order issued, of newspapers and magazines distributed, of telegrams dispatched, of long-distance phone calls handled, of home phones installed and so forth. All these numbers multiplied by their respective per-unit constant prices and all the products added up will give the total volume of posts and telecommunications service in monetary form. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

AUTOMATIC, SEMIAUTOMATIC CONNECTION FOR LONG-DISTANCE TELEPHONE--Automatic connection takes place when the telephone users in different cities simply dial the number of the connection will be automatically made at the telephone exchange. Semiautomatic connection means that the operator in the long-distance telephone bureau at the calling end has to dial for the party at the receiving end and then use manual connection to link together both parties. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

MICROWAVE CIRCUIT--The frequency for microwave transmission is 1-300 trillion hertz. This form of radio wave transmits signals in a straight line in the air and is free from any obstacle. For this reason, a relay station is generally

set up at a distance of approximately every 50 kilometers to form a microwave relay system. The circuit of transmission with this type of microwave relays is called microwave circuit. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

OPTICAL FIBER BUNDLE COMMUNICATIONS SYSTEM--Modern optical communication is carried out with the use of lasers for the transmission of signals. The medium of transmission is optical conducting fibers made of quartz and glass (called optical fibers for brevity). At present, one pair of optical fibers can handle the transmission of hundreds or thousands, or even hundreds of thousands of messages in different circuits. In practical use, these fibers are combined to form bundles to increase the transmission capacity. This form of transmission is called optical fiber bundle communications. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

#### V. FIXED ASSET INVESTMENT

FIXED ASSET INVESTMENT PLAN--Fixed asset investment is the expenditures on the manufacture, purchase or renovation of either productive or unproductive fixed assets, and on the technical and material foundation for the development of the national economy. It is an important means to maintain simple reproduction, carry out expanded reproduction, readjust the economic structure, improve the distribution of productive forces and raise the people's standard of living. Fixed asset investment plans include the plans for capital construction and the measures of renovation and transformation, and form an important component of the plan for national economic development. Their basic tasks are to determine the correct scope of investment and the orientation of its use; to make rational arrangements for new and expanded projects as well as technical transformation projects; and to improve the economic results. The compilation of a unified fixed asset investment plan is an important forward step in the work of planned management and is helpful to the overall arrangements for the allocation of construction funds through various channels, for the new and expanded projects as well as the technical transformation for the existing enterprises; and for simple as well as expanded reproduction. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

CAPITAL CONSTRUCTION INVESTMENT--This refers to the scope of capital construction expressed in monetary terms, and serves as a comprehensive index of the scope of capital construction in a certain period. It generally comprises four components: 1) the scope of construction as shown by the expenditures incurred in the construction of factory buildings and the exploitation of mines; 2) expenditures on equipment installation; 3) expenditures on the purchase of equipment, tools and appliances; and others within the scope of capital construction, such as the construction units' administration expenditures, training expenditures for productive personnel, and so forth. In our country, capital construction investment is classified into investment allocated directly out of the budget, self-raised loans, and foreign funds, according to the sources of funds; and into productive construction investment and unproductive construction investment according to the way it is used. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

CAPITAL CONSTRUCTION APPROPRIATIONS--This refers to the amounts of money to be appropriated from the state budget according to the capital construction investment plan. In addition to the amount of work in capital construction, some other factors have also to be considered. There are mainly two such factors: first, the amount of materials in stock and the equipment which can be used; and second, the necessary reserve to be built up for the ensuing year. For the former, the appropriations can be reduced; for the latter, the appropriations have to be increased. Therefore, in the same planned period, the amount of appropriation for capital construction and the amount of investment in capital construction are always different. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec p 3] 9411

SELF-RAISED CAPITAL CONSTRUCTION INVESTMENT--This refers to the capital construction investment from the extra-budgetary funds raised by the departments, enterprises or public agencies, or from their own funds. These funds come mainly from the standby financial resources of the localities at various levels, and from what have been raised by the departments in charge, the enterprises and the public agencies themselves for capital construction. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

LARGE, SMALL, MEDIUM-SIZE CAPITAL CONSTRUCTION PROJECTS--There are two different ways to classify these projects according to the current regulations. First, classification according to the general scope of the projects. The scopes of new projects are calculated according to their designed capacities, while those of expanded projects are calculated according to the newly increased productive capacity after the expansion. Second, classification according to the total investments. For new projects, the classification is based on the total investment; for expanded projects, it is based on the investment required for the expansion. According to the first method, coal mines with an annual coal output of more than 5 million tons are large projects; from 2 million to 5 million tons, medium-size projects; less than 2 million tons, small projects. Power stations with an installed capacity of more than 250,000 kws, are rated as large projects; 25,000-250,000 kws, medium-size projects; and less than 25,000 kws, small projects. Iron and steel complexes with an annual steel output of more than 1 million tons of steel are rated as large projects; 0.1-1 million tons, medium-size projects; and less than 10,000 tons, small projects. Synthetic ammonia plants with an annual output of more than 150,000 tons are rated as large projects; 45,000-150,000 tons, medium-size projects; and less than 45,000 tons, small projects. Cotton textile and knitting mills with more than 100,000 spindles are rated as large projects; 50,000-100,000 spindles, medium-size projects; and less than 50,000 spindles, small projects. According to the second method, the classification of construction projects among the industrial and nonindustrial departments is not based on their output. For example, the scientific units, secondary and elementary schools and movie theaters with a total investment of more than 20 million yuan are rated as large projects; 10-20 million yuan, medium-size projects; and less than 10 million yuan, small projects. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Dec 82 p 3] 9411

CAPITAL CONSTRUCTION PROCEDURE--This refers to the order of various types of work in the entire process of capital construction from the stages of deliberation, analysis, planning and construction to the completion and commissioning of

the project. Generally, it consists of the following stages: Based on the plans for national economic and social development, outlines of the specific projects are worked out; design authorization documents are worked out; when these documents have been approved, construction sites are chosen; preliminary design is worked out; after the approval of the preliminary design, and the inclusion of the projects in the state annual plans, the work is organized; when the projects have been completed according to the designs, acceptance checks will be conducted before they are handed over for use. Planned control must be strengthened over capital construction and the procedures must be strictly followed. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 23 Dec 82 p 3] 9411

ADVANCE WORK IN CONSTRUCTION--This refers to the preparatory work before the start of the construction. Advance work mainly includes the feasibility study, the preparation of the design authorization documents and the choice of sites, and the preliminary design. This advance work must be properly done before the construction project can be correctly determined and the smooth progress of the construction engineering can be ensured. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 23 Dec 82 p 3] 9411

CONSTRUCTION PERIOD--This refers to the period from the time when work on the project (or single-item project) is formally begun to the time of completion and commissioning. For a certain amount of investment, a shorter construction period means faster increase in fixed assets and greater benefits from the work. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 23 Dec 82 p 3] 9411

NEWLY INCREASED PRODUCTIVE CAPACITY--This means the result of fixed asset investment. In ordinary factories and mines, the increased productive capacity is calculated from the increased output, such as the newly increased productive capacity for smelting 1 million tons of steel, or for extracting 3 million tons of coal. In some cases, the newly increased productive capacity is shown in terms of lengths, such as the addition of 1,000 kilometers of railway tracks, or 10,000 kilometers of highways. It can also be expressed in terms of storage capacity, such as the increase of 1 billion cubic meters of water in the reservoir or 500,00 tons in cold storage; or in floorspace, such as a 50 million square meters of newly completed residential housing, 10 million square meters of school premises, and so forth. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 23 Dec 82 p 3] 9411

ESTIMATES, BUDGETS FOR INVESTMENT IN PROJECTS--This concerns the construction cost of certain projects. After the approval of the design authorization documents, all construction projects' designs should be entrusted to the design units. If a two-stage design is required, a rough estimate of the construction cost should be made at the stage of preliminary design. This is called the investment estimate. During the stage of design for the construction blueprint, the construction cost has to be anticipated on the basis of the details in the design and the designated standards. This is called the budget of investment. Both the budget and the estimate are organic components of the design authorization document. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 23 Dec 82 p 3] 9411

SYSTEM OF REPAYMENT FOR USE OF CONSTRUCTION INVESTMENT--This means that funds needed for capital construction have to be obtained from banks in the form of loans instead of financial allocations which need not be repaid. In the past, the funds needed for state capital construction were all allocated by the state and did not need to be repaid. This would not help improve the investment returns. To strengthen economic accounting and bank supervision over capital construction, the State Council reached a decision in August 1979 in dealing with the enterprises engaging in industry, communications, transportation, agricultural reclamation, animal husbandry, maritime production, commerce and tourism--which practised independent accounting and were able to redeem their loans--whereby state allocations will be replaced by bank loans as an experiment in capital construction investment. The new system works as follows: According to signed contracts, the borrowing unit should redeem its loan and pay interest within the stipulated period with the funds which would otherwise be used to pay taxes and the basic depreciation fund. When the loan has been fully redeemed on schedule, these funds should be handed over to the state as usual. If the loan is fully redeemed ahead of schedule, these funds can still be kept by the enterprises to be used to develop production and to promote the welfare of the workers and staff members. In case the loan cannot be redeemed on schedule, the interest rate will be doubled, and the payment of interest will be made out of the basic depreciation funds and the enterprise funds. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 23 Dec 82 p 3] 9411

SYSTEM OF CAPITAL CONSTRUCTION CONTRACT--Also called system of all-round responsibility or system of overall contract for the construction unit. At first, this meant the direct responsibility of the construction unit to the construction administration departments of the area or to the department in charge of the project for the whole work. Now it has become the responsibility of the province, municipality of autonomous region to the central departments, and that of the construction unit to the department in charge at every level. The responsibility mainly includes the construction tasks, the investment, the construction materials, the construction period and the engineering quality. Adoption of this system will help enhance the sense of responsibility among the contracting construction units, ensure satisfaction in the construction period and the engineering quality, and improve the investment returns. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 23 Dec 82 p 3] 9411

SYSTEM OF CONTRACTING BETWEEN TWO PARTIES--This is a form of responsibility system whereby the construction unit entrusts by means of a contract a building enterprise with the responsibility of completing a project. The construction unit (that is, the giving party, also called party A) as the party in charge offers the contract, while the building unit (that is, the unit accepting the contract, also called party B), in the capacity of the building contractor, undertakes the responsibility entrusted by the construction unit. Under the contractual obligations, party B must complete all the tasks of prospecting, design, construction and installation in accordance with the specified schedule, quality and quantity; while party A must also adhere to the schedule in supplying the necessary technical documents, data and working conditions, in carrying out the acceptance checks, and in paying the remunerations according to legal procedures. Contracts can be offered in two different forms, namely, inviting bids and concluding agreements. At present, the latter form is mostly used in

our country. In other words, agreement has to be reached on the basis of state plans and arrangements before the signing of any contract and the establishment of contractual relationship. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 23 Dec 82 p 3] 9411

RESPONSIBILITY BASED ON BLUEPRINT BUDGET PLUS COEFFICIENT--This is a form of system of economic responsibility whereby the construction unit uses the estimate or budget based on the design of the project and adds to it a certain coefficient (generally approximately 5 percent of the work in construction and installation) before giving the contract to the building unit. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 23 Dec p 3] 9411

INFRASTRUCTURE--Also called basic structure, a general term for various systems of services to industrial, agricultural and other production sectors, including the systems of transportation and communications, power generation, water supply and sewage, scientific research and technical service, education and other public facilities. The more complete is the infrastructure, the more fruitful will be the economic activities. There must be a unified infrastructural plan for all new or expanded projects, particularly for the important and large projects, or for the construction of bases far away from the cities. By this means, the completed projects will be able to yield their comprehensive benefits much more quickly. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 23 Dec 82 p 3] 9411

## VI. FINANCE AND BANKING

CURRENT FINANCIAL SYSTEM--For some time in the past, the system of financial administration in our country was basically one of "fixed receipts and fixed payments, linking local expenditures and revenues, sharing total revenues between local and central authorities at a ratio which remains unchanged for 1 year." To give full play to the initiative of the central and local authorities and to meet the requirements of the modernization drive, the State Council decided that effective 1980, the financial administration system of "apportionment of revenues and expenditures between the central and local authorities with fixed responsibility" was adopted for all provinces, municipalities and autonomous regions. In the course of implementation, this system has gradually been divided into four different categories: First, the system of "apportionment of revenues and expenditures with fixed responsibility." This system is practiced in Henan, Shanxi, Jilin, Heilongjiang, Jiangxi, Hebei, Liaoning, Jiangsu, Zhenjiang, Anhui, Shandong, Hubei, Hunan, Sichuan, Shaanxi and Gansu, altogether 16 provinces. Second, the system of minority nationality areas. This system is practiced in five autonomous regions, namely, Nei Menggol, Ningxia, Xinjiang, Xizang and Guangxi, and three provinces, namely, Yunnan, Guizhou and Qinghai, where the proportion of the minority population is quite large. Under this system, all revenues are to be retained by the localities. If the revenues are less than the expenditures, the deficits will be subsidized to a certain extent (at a progressive increase rate of 10 percent) by the central authorities. There are also some other forms of preferential treatment, such as the preservation of the 5 percent standby funds to which the minority nationality areas were originally entitled every year, and a reserve fund which is 2 percent higher than in other provinces. Third, the system of overall financial responsibility, which is practiced in only two provinces, namely,



Guangdong and Fujian. Under this system, Guangdong province has to hand over a fixed amount of 1 billion yuan, and Fjuian has to hand over 0.15 billion yuan to the central government treasury every year. Fourth, the original system of "fixed receipts and fixed payments, linking local expenditures and revenues, sharing total revenues between local and central authorities at a ratio which remains unchanged for 1 year." This system is being continued in three municipalities, namely Beijing, Tianjin and Shanghai. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 23 Dec 82 p 3] 9411

CENTRAL TREASURY--This is the treasury of the central government and occupies the leading position in the state finance. Revenues for the central treasury are from the following sources: the profits turned in by the enterprises directly under the various central departments, the banks' cash surplus, customs duties, industrial and commercial taxes, and the revenues turned in by the localities. The expenditures of the central treasury are mainly as follows: investment in key projects throughout the country, allocations for important technical transformation, allocations for the enterprises and public agencies directly under the central departments, national defense expenditures, foreign aids, repayment of foreign loans and payment of interests, support for underdeveloped regions in construction, and financial assistance to areas afflicted by serious natural disasters and to minority nationality areas. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 23 Dec 82 p 3] 9411

GENERAL RESERVE FUND OF THE STATE--This is a flexible reserve fund of the state to be used mainly for meeting new special requirements arising from natural disasters or certain losses caused by accidents. The general reserve fund of the state is classified into the central and the local reserve funds. Use of the former must be reported to and approved by the State Council, while use of the latter must be reported to and approved by the people's government at the provincial, municipal or autonomous regional level. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 23 Dec 82 p 3] 9411

STATE BUDGETED FUNDS--Refer to the funds to be raised, distributed and used according to the financial budget. They come mainly from the following sources: the profits delivered by the state-run enterprises, part of the basic depreciation funds, various taxes and so forth. These funds are mainly used in the following ways: allocations for capital construction, for tapping enterprise potential and technical transformation, for enterprise circulating funds, for trial production of new products, for geological surveys and for supporting agriculture; expenditures in education and culture, public health and scientific undertakings, and in supporting economically underdeveloped areas, and so forth. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 23 Dec 82 p 3] 9411

STATE EXTRA-BUDGETARY FUNDS--They refer to the funds which are not included in the state budget, but are retained, administered and used by the regions, departments and units in accordance with state regulations. These funds are mainly divided into four parts: (1) the various surcharges at the disposal of the local financial departments (such as the industrial and commercial surtax, agricultural surtax, and urban public utility surcharges), the retained profits of county-run industry, and the depreciation funds collected by the local financial authorities; (2) the retained profits, depreciation funds, major

repair funds and other special funds in the hands of the enterprises and their departments in charge; (3) the road maintenance fees, school and miscellaneous fees, revenues from production by schools, income from scientific research and experiments, revenues from guest houses and various business income; and (4) the profits gained after paying income taxes by the large collective enterprises at or above the county level and state owned enterprises, and these profits are not included in the budget. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 23 Dec 82 p 3] 9411

STANDBY FINANCIAL RESOURCES--They are the funds appropriated by and at the disposal of various regions, departments and units in accordance with the relevant regulations. Local standby financial resources include reserve funds, funds from the sharing of above-quota profits and the balance of expenditures, subsidy funds for minority nationality areas, and standby funds. The standby financial resources of departments and units include the enterprise funds, retained profits, revenues from production by schools, revenues from parks and forests and so forth. The determination of certain standby financial resources can play an important role in arousing the enthusiasm of the various areas, departments and units, in starting certain projects suitable for the local conditions or in meeting certain extraordinary and unexpected needs. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 23 Dec 82 p 3] 9411

FUNDS FOR KEY STATE PROJECTS FOR DEVELOPING ENERGY AND TRANSPORTATION--To accelerate the development of energy and transportation and to promote the development of the national economy, the central authorities have decided that beginning 1983, a 10 percent levy should be made on all the extra-budgetary funds of the regions, departments, enterprises and public agencies and the after-tax profits of the large collective enterprises in the cities after deducting for the local agricultural (animal husbandry) surtaxes, the revenues from the school and miscellaneous fees of secondary and elementary schools, the major repair funds of state-run enterprises, the funds for oilfield maintenance and afforestation, and the income for social welfare of the civil affairs departments. The total annual amount is 4 billion yuan, to be used on the development of energy and transportation. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 23 Dec 82 p 3] 9411

PROFIT RETENTION--Also called "profit-sharing" or "appropriation of a portion of the profit." It means that part of the profits realized by the state-run enterprises can be left at the disposal of the enterprises according to the regulations and stipulated ratio, to be used to develop production, to promote collective welfare and to pay bonuses to the workers and staff members. The current method of profit retention is the sharing of the base profit plus the sharing of above-quota profit. For example, if the profit of the current year is the same as that of the previous year, then 10 percent, 20 percent or 30 percent of the excess profits will be retained by different trades and undertakings. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 23 Dec 82 p 3] 9411

DEPRECIATION FUND--The fixed assets of enterprises gradually lose their use value because of the constant wear and tear. In order that the fixed assets can be renovated in future, the value lost through wear and tear must be recovered from the sales of products to which the value has been transferred.

This method of recovery is called depreciation, and that portion of income from the sales of products to be used to make up for the loss through wear and tear is called fixed asset depreciation fund. This depreciation fund can be used as basic depreciation fund for replacing fixed assets, to carry out important technical transformation on old fixed assets, or as major repair funds, to be used on periodic major repairs for the fixed assets. The amount of basic depreciation funds to be appropriated is calculated according to the service life of the fixed assets as determined by the state. Under the current system of management, 50 percent of the basic depreciation funds appropriated by the enterprises will be retained as renovation and transformation funds; 30 percent of them has to be handed over to the central financial authorities; and 20 percent has to be handed over to the local financial departments or the department in charge. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 23 Dec 82 p 3] 9411

RENOVATION AND TRANSFORMATION FUNDS--These funds are specially intended for the renovation of fixed assets and for technical transformation from the following sources: fixed asset depreciation funds appropriated by state-run enterprises according to regulations; the appropriations based on the output to be used to maintain simple reproduction and converted into fixed asset funds; the renovation and transformation funds allocated by the departments in charge of the enterprises after certain readjustment and state financial allocations. Such funds are mainly used for renovating the equipment, the essential factory buildings and other construction structures; for technical transformation for the old fixed assets; for the comprehensive utilization of raw and semifinished materials and the treatment of the "three wastes" for the trial production of new products, labor protection measures and the purchase of small fixed assets; and for producing home-made equipment and carrying out civil engineering projects and so forth. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 23 Dec 82 p 3] 9411

SPECIAL FUNDS FOR REPLACING OIL WITH COAL AS FUEL--To readjust the composition of energy for consumption and to raise the utilization rate of petroleum, the state has in recent years decided to change irrational oil-burning into coal burning, mainly by turning oil-burning power stations into coal-burning stations. In May 1981, the State Council decided to set up a special fund for replacing oil with coal as fuel, to be used in changing the boilers of oil-burning power stations, increasing coal supply and carrying out corresponding construction projects. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 23 Dec 82 p 3] 9411

CITY PRESERVATION AND DEVELOPMENT FUNDS APPROPRIATED FROM INDUSTRIAL AND COMMERCIAL PROFITS--The State Council has approved that beginning 1979, experiments will be carried in 47 cities of the country in appropriating 5 percent of the previous year's industrial and commercial profits to be used as city preservation and development funds. These cities are: (1) all provincial and autonomous regional capitals; (2) large cities with a population of more than 500,000 each (Beijing, Tianjin and Shanghai not included); and (3) The cities receiving foreign visitors, requiring drastic renovation and having serious environmental pollution. Up to now, adoption of this method has been approved for 84 cities. The 5 percent appropriation from industrial and commercial profits is not received by the cities directly from the industrial

and commercial enterprises; instead, it has to be included in the state budget and later used as state financial allocations. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 23 Dec 82 p 3] 9411

BANK PROFITS--Also called bank surplus, meaning the surplus of interest earned from the grant of loans over the interest paid for deposits and various expenditures. The major portion of bank profits is handed over to the state treasury and a minor portion is left to supplement the banks' credit funds. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 23 Dec 82 p 3] 9411

CURRENCY ISSUANCE--This refers to the excess of currency payments over currency receipts. A currency issuance organ has been set up to implement the principle of centralized and unified issuance of currency, to organize and adjust the currency circulation in a planned way and to ensure the timely supply of cash to various sectors of the national economy. This organ serves as a reservoir for the issuance and withdrawal of currency. Through the payment of wages, the procurement of agricultural products and other channels, money is put into circulation on the market in a planned way, and its amount should be adequate for the requirements of the national economy. The currency issue organ is a component of the People's Bank in our country. Currency issuance must be strictly controlled. The time and amount of issuance in different places should be determined on the basis of the development of production and the expansion of commodity circulation. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 23 Dec 82 p 3] 9411

CREDIT INFLATION--When the grant of bank loans is excessive to the actual requirements for production and commodity circulation, fictitious credit will result. Loan extension on the basis of inflated credit funds will mean an excess in the amount of loans over the corresponding material security. Credit inflation will certainly lead to an excessive amount of currency on the market and result in currency inflation. Therefore, bank credit must be commensurate to the scope of production development and commodity circulation. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 23 Dec 82 p 3] 9411

COMPARABLE PRICES--Also called "constant prices," meaning the opposite of current prices. Here the prices of a certain time are used as fixed prices for calculating and comparing the total output value, national income and other indices in different periods. In this way, the effects or price changes can be eliminated, and the comparison of the scopes of production and the speed of development can be more realistic. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 23 Dec 82 p 3] 9411

COMPARABLE PRODUCTION COSTS--They refer to the costs of products which were formally produced 1 or several years before the planned period and are still being produced according to plan. The comparable characteristics of products are determined by their main specifications and performances. Although the structure, work process and technical conditions of some products have been changed after the restructuring, they can still be comparable products provided their main specifications and performances are the same. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 23 Dec 82 p 3] 9411

TURNOVER OF CIRCULATING FUNDS--Circulating funds are used for purchasing and building up a reserve of raw and semifinished materials, commodities and other supplies; and for paying wages and other expenses in production. In the process of production among the industrial enterprises, circulating funds first take the form of money and then other different forms in the stages of purchasing, producing and selling, before returning to their original monetary form. In the operation of commercial enterprises, they also first take the form of money and, after the purchases and sales, return to their original monetary form. This cycle of beginning and ending in the form of money is called a turnover of circulating funds. There are two standards for evaluating the result of circulating funds: first, the turnover number, meaning the number of turnovers within a certain period; and second, the number of days, meaning the number of days required for a turnover. A larger number of turnovers within a certain period or a smaller number of days for one turnover means a faster turnover of circulating funds or better economic results. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 23 Dec 82 p 3] 9411

INTEREST AND TAX RATE ON FUNDS--This refers to the ratio of the total amount of profits and taxes delivered and paid to the state by the enterprises each year to the total amount of fixed assets and circulating funds used, expressed in percentage. It is an important index of the comprehensive economic results of an enterprise. The higher this rate, the better will be the economic results. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 23 Dec 82 p 3] 9411

## VII. DOMESTIC COMMERCE AND FOREIGN TRADE

TOTAL RETAIL SALES VOLUME--This refers to the amount in monetary terms of commodities sold directly to the consumers in a certain period by commercial and industrial undertakings and the food and other trades. These commodities mainly include the consumer goods sold through various channels of commodity exchange to the urban and rural population, the means of agricultural production sold to the collectives and individuals in the countryside, and the consumer goods sold to the government offices, mass organizations, schools, enterprises and public agencies. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 23 Dec 82 p 3] 9411

CIRCULATION EXPENDITURES--They refer to all the expenditures incurred in the buying and selling of commodities including transportation and miscellaneous expenses, storage fees, packing charges, commodity wear and tear, bank loan interests, wages for workers and staff members, labor protection and welfare expenses, fixed asset depreciation charges and their repair charges, simple construction charges and so forth. Rational organization of commodity circulation, maximum reduction of the intermediate links in circulation and economizing on various expenses can help reduce commodity circulation expenses, increase state accumulation and alleviate the consumers' burden. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 23 Dec 82 p 3] 9411

NEGOTIATED PURCHASES AND SALES--This is a form of purchase and sale of third-category agricultural sideline products which are produced sporadically and whose production and sales are subject to fairly drastic changes. The state generally does not designate delivery tasks for the producers, and the

procurement and marketing of these products are organized by the commercial departments. Negotiated prices for purchases and sales are the result of agreement between the buyers and sellers. Since 1962, the state has decreed that aside from those subject to the plan of unified procurement and marketing, some foodstuffs and edible oil can be procured and marketed by the grain departments at negotiated prices. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 23 Dec 83 p 3] 9411

FOREIGN EXCHANGE EARNING RATE IN EXPORTS--This is the ratio or the amount of foreign exchange earnings from commodity exports to the production costs for exports in terms of foreign exchange. The amount of foreign exchange earned minus the production costs in terms of foreign exchange. For example, by exporting 10,000 meters of polyester-cotton fabrics, we can earn \$580 in foreign exchange. If the production cost for the export is \$300, then the foreign exchange earning rate in exports is equal to  $(580 - 300) \div 300 \times 100\% = 93$  percent. This rate is one of the comprehensive indices showing the economic results of exported commodities. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 23 Dec 82 p 3] 9411

PRODUCTION COST OF EXPORTED COMMODITIES IN FOREIGN EXCHANGE EARNINGS--This is the production cost in renminbi required to earn one unit of foreign exchange in commodity exports. For example, the export of a certain commodity can yield \$600, and the production cost of this product is 480 yuan in renminbi. Then it requires a production cost of 0.8 yuan in renminbi to bring in \$1 in foreign exchange. The production cost of that exported commodity in foreign exchange is 0.8 renminbi. Raising the selling price in foreign exchange and lowering the production cost in renminbi will lower the production cost of exported commodities in foreign exchange, which is one of the important indices of economic results. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 23 Dec 82 p 3] 9411

INDUSTRY-FOREIGN TRADE COMBINATION--This means the cooperation between the production and the foreign trade departments in exporting industrial products. Industry-foreign trade combination can take the following forms: industrial departments cooperating with foreign trade departments in conducting investigations in the international market and other marketing activities; foreign trade departments cooperating with industrial departments in working out plans for the production of export commodities; joint efforts of both industrial and foreign trade departments in business operation and in negotiations with foreigners; and the establishment of import-export companies directly operated by some industrial departments. Combination of industry and foreign trade can help increase the output of highly competitive commodities on the international market. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 23 Dec 82 p 3] 9411

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CORRECTION--In the definition of the term "BASIC QUOTA FOR PROCUREMENT OF AGRICULTURAL SIDELINE PRODUCTS," a mistake was made about the above-quota procurement prices for grain, edible plant oil and cotton, in this column in a previous issue. It should be corrected to read as follows: "a 50 percent increase for grain and edible plant oil, and a 30 percent increase for cotton."

TECHNOLOGY-FOREIGN TRADE COMBINATION--This means the close combination of technology and commodities in import-export as a form of mutual promotion. The method of combination is as follows: In importing commodities, we should at the same time import the relevant technical know-how to be used in domestic production so as to raise the technical level and to upgrade and update the same products in our country. In exporting our technical know-how, we should also strive to create favorable conditions for exporting our commodities so as to promote and increase our exports sales. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 25 Dec 82 p 4] 9411

IMPORTS SERVING THE EXPANSION OF EXPORTS--This is a form of foreign trade whereby imported raw materials or spare parts are to be processed or assembled into finished products for export. For example, imported cotton can be processed into woolen fabrics for export; imported main engines of ships and certain equipment and instruments can be used for building ships for export; and so forth. This form of foreign trade will enable us to fully utilize our labor resources and domestic productive capacity, increase job opportunities and foreign exchange earnings, and stimulate our domestic economy and foreign trade. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 25 Dec 82 p 4] 9411

MULTILATERAL TECHNOLOGICAL COOPERATION--This refers to the technological cooperation among more than three countries. The technological cooperation (exchange) organized by the United Nations is generally called multilateral technological cooperation. Since it is provided in the nature of aid, it is also called multilateral aid. This aid mainly takes the form of sending experts to the aid-receiving countries to help train technical personnel, to supply certain equipment, or to carry out single-item projects to be used for demonstration. For example, the UN Food and Agricultural Organization has helped our country in research to improve the quality of resin and in setting up a coconut research center. Again, our country has been entrusted by the United Nations to run, with the participation of many other countries, training classes on building small hydropower stations and on the use of Chinese medicinal herbs, the art of acupuncture and on the development of marsh gas. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 25 Dec 82 p 4] 9411

LABOR SERVICE COOPERATION--Labor service mean service to others in the form of labor instead of material objects. Labor service cooperation can take the form of charging wages and other fees for the supply of labor to foreign entrepreneurs, and for the supply of technical service to foreign countries, such as undertaking topographic and geomorphological surveys and mapping, survey and prospecting for resources, feasibility study on projects, technical guidance, personnel training and so forth. We have already established contracting companies for foreign countries offering labor service cooperation. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 25 Dec 82 p 4] 9411

EXTERNAL CONTRACTS FOR ENGINEERING--The construction units in our country sign contracts with other countries or regions to undertake construction, expansion or alteration in engineering, to supply the required technological and labor services as well as materials and to receive payments in foreign exchange for the engineering costs and the amount of work supplied. In our external contracts, there may be responsibility for both work and materials or for work

only but not material; or cooperation with foreign business men or foreign government organs in various undertakings. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 25 Dec 82 p 4] 9411

SPECIAL ECONOMIC ZONES--These are the economic zones under special policy and special administration in economic construction. They mainly rely on foreign capital for construction and will provide special privileges and the necessary facilities for foreign merchants who are willing to invest in the special economic zones. Since July 1979, our country has already designated areas in Shenzhen, Zhuhai and Shantou in Guangdong and Xiamen Municipality in Fujian to be developed into special economic zones for absorbing investments from foreign factories and merchants, overseas Chinese and compatriots of Hong Kong and Macao to set up joint ventures, enterprises under sole ownership by foreign investors, or cooperative enterprises; and to develop compensatory trade, processing of materials and assembly of parts. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 25 Dec 82 p 4] 9411

EXCLUSIVE STATE LOANS AND REPAYMENTS--This is a form of responsibility for taking loans adopted by our country in the use of foreign capital. The so-called exclusive loans are obtained from foreign countries in the name of the state, and the so-called exclusive repayment means that the state will undertake the repayment of foreign loans which carry interest. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 25 Dec 82 p 4] 9411

ILLEGAL USE AND ILLEGAL EXCHANGE OF FOREIGN CURRENCY--Illegal use means the use of foreign exchange in violation of the foreign exchange control regulations of our country by the units, enterprises or individuals within our territory, in illegally transferring, buying, selling it, or keeping it in foreign countries instead of selling it to the state as they should; in importing articles or acquiring other assets (such as title deeds to real estates) with foreign exchange; or in illegally bringing, asking others to bring, or mailing it out of the country. For example, an enterprise may fraudulently report lower export prices and higher import prices, omit the report of commission earnings, or report false foreign currency expenditures and then keep its foreign currency abroad or in Hong Kong and Macao to be used by itself. Again, the people on service travel abroad may keep the remaining travel allowances or whatever they have received for their official business in foreign exchange for their private use or leave it abroad or in Hong Kong and Macao. All these acts are called illegal use of foreign currency. Illegal exchange refers to the acts of units, enterprises and individuals of violation of the foreign exchange control regulations in various forms. They may exchange renminbi or materials for foreign currency for themselves even though such foreign exchange rightfully belongs to the state. For example, they may exchange renminbi for foreign currency with foreign tourists, or obtain foreign currency from overseas Chinese abroad (remitting money to their relatives) in exchange for renminbi or materials to be given to their relatives. All these acts are called illegal exchange of foreign currency. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 25 Dec 82 p 4] 9411

#### VIII. GEOLOGY

REGIONAL GEOLOGICAL MINERAL INVESTIGATION--This refers to the fairly comprehensive and systematic investigations and study of the strata, rocks and geological



structure in a region. After these investigations, regional geological maps are made out; the laws of mineral distribution in the region are verified; and the promising areas for mineral discovery are marked out for a general survey and long-range planning. Then a long-range evaluation of the regional mineral resources is made and a regional map showing these resources is prepared.

[Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 25 Dec 82 p 4] 9411

REGIONAL GEOPHYSICAL INVESTIGATION--This means a comprehensive investigation and study of the special characteristics of various geophysical fields within a certain region. Through the investigation, we can deduce and interpret the geological structure and the mineral distribution and supply geological data for economic construction, national defense, education and scientific research.

[Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 25 Dec 82 p 4] 9411

REGIONAL GEOCHEMICAL INVESTIGATION--This means a systematic sampling of the natural substances, such as rocks, the tectonic mantle, the water sediments, the air and the various trace elements in living bodies to be tested and comprehensively analyzed and studied. Through this work, we can explore the geological laws, point out the directions for mineral discoveries and provide geological data for developing industrial and agricultural production and for environmental protection and prevention of endemic diseases. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 25 Dec 82 p 4] 9411

GENERAL MINERAL SURVEY--Also called general survey for mineral discovery, meaning the general survey and the search for minerals in the areas marked out for this purpose and for long-range planning within a region. Preliminary study will be carried out on the mining spots and mineral beds discovered so that the question whether or not prospecting is necessary can be evaluated. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 25 Dec 82 p 4] 9411

COMPREHENSIVE PROSPECTING--This means that while prospecting for the main mineral products, prospecting and evaluation should at the same time be carried out on the intergrowing and associated mineral products. In prospecting for oil, for example, attention should at the same time be paid to the prospecting and evaluation of mineral products of the salt family; and in prospecting and evaluation of the rare and precious metals. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 25 Dec 82 p 4] 9411

HYDROGEOLOGICAL WORK--This means the work of investigating and studying the conditions for the formation of subsurface water, its distribution, the law of its activities, and the quality and quantity of water. Subsurface water exists between soil layers and in the rock crevices and spreads over huge areas. It is an important source of water for agriculture, animal husbandry, industry, national defense and people's daily life. The subsurface water may be deep or shallow underground; its quantity may be large or small; and its quality may be good or bad. The purpose of hydrogeological work is to provide rational data to the relevant departments concerning the utilization of subsurface water, to prevent the flooding of mining tunnels and water pollution underground and other problems in addition to suggestions of measures to be taken. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 25 Dec 82 p 4] 9411

ENGINEERING GEOLOGICAL WORK--This means the study and assessment of the geological conditions of the foundation for engineering projects in order to supply geological data for the design of a project. In building a reservoir, for example, we must first find out whether the foundation for the dam is firm enough, whether the bottom may leak, and, after the construction, whether there will be slides or rifts in order to supply scientific data and suggest preventive measures in the choice of sites for the reservoir and the dam. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 25 Dec 82 p 4] 9411

ENVIRONMENTAL GEOLOGICAL WORK--This is the work of investigating and studying the natural environment in order to supply geological data for working out measures to transform, utilize and protect the environment. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 25 Dec 82 p 4] 9411

## IX. SCIENCE AND TECHNOLOGY

BASIC RESEARCH--Scientific research can be classified into three categories, namely, basic research, applied research and developmental research. Basic research is a purely theoretical research concerning the understanding of natural phenomena and the exploration of natural laws. Its scope generally includes mathematics, physics, chemistry, astronomy, geography and biology--altogether six major fields. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 25 Dec 82 p 4] 9411

APPLIED RESEARCH--This means the experimental research undertaken for the purpose of solving the practical scientific and technological problems in the national economy and social development. Examples of applied research are the nursing of fine strains for agricultural crops, the trial production of new industrial products, experiments on new technology and new processes in production, and so forth. Applied research can produce marked economic results. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 25 Dec 82 p 4] 9411

DEVELOPMENTAL RESEARCH--This refers to the experiments in the application of the fruits of scientific research in economic construction and social development. Examples of development research are the experiments in large fields for agricultural scientific research, experiments in industrialization in industrial scientific research, experiments in wards in medical scientific research, and so forth. If there is no developmental research, it will be impossible to apply and disseminate the fruits of scientific research. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 25 Dec 82 p 4] 9411

LASER TECHNOLOGY--Lasers are a new type of light source. The atoms (or molecules) of certain specific substances obtain their energy from other electrons and photons, and are raised from the ground state (the normal energy state of atoms) to a higher energy level called the excited state. When the excited atom returns to its ground state, it will emit light. After being enlarged in a controlled way, the light thus emitted will radiate in a certain direction. This is a laser. Compared with ordinary light, it is brighter in illumination and purer in color, and has better directional properties and other unique characteristics. That is why it is not only extensively used in agriculture for seed cultivation, in medicine and public health, in material

processing and in precision measurement, but also has a promising future in the fields of communications, radar, control and guidance [of motion], segregation of isotopes, catalysis and signaling. The use of laser technology in the observatory instruments in the basic research on atomic and molecular physics, solid-state physics and chemistry can bring about unprecedented resolution factors and high precision. The emergence of the laser has ushered in a new phase in the mastery and application of light by mankind. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 25 Dec 82 p 4] 9411

**SUPERCONDUCTING TECHNOLOGY**--When the temperature of certain metal conductors is lowered below 269°C, the resistance will become zero. The study of this phenomenon and its application in electrical engineering, electromagnetic and other technical fields is called superconducting technology. The volume, weight and energy consumption of any equipment made of superconductors are greatly reduced, while the magnetic field produced is much stronger. This technology can be extensively used in superconducting motors, superconducting power transmission, magnetic power generation, superconducting magnetic separators for ore selection, superconducting electronic components, high-performance accelerators, controlled thermonuclear reactors and so forth. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 25 Dec 82 p 4] 9411

**REMOTE SENSING TECHNOLOGY**--With airplanes, satellites and other carriers, infrared cameras, multispectral scanners, side-view radars and other sensory instruments are carried high up in the air to identify the objects of research at long distances according to the electromagnetic waves radiated by these objects. Various signals on earth and in space are collected and after the analysis and handling of the pictorial data, the tasks of exploration and observation, which would otherwise be difficult, can be accomplished. Remote sensing covers a wide field, and the information can be quickly obtained without the hindrance of surface conditions and national barriers. It also has the advantage of repeated and continuous observations, and has been widely used in military reconnaissance, geological surveys, weather observation, agricultural forecasts and observation of environmental ecology. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 25 Dec 82 p 4] 9411

**AEROSPACE TECHNOLOGY**--This is the general term for the technology of research and making of artificial satellites, space ships, space laboratories and other spacecraft and carriers; the technology of launching them into the orbit and recovering them; the technology of space exploration and observation and remote sensing; and the technology of ground tracing, reception and control. By using space technology to study the globe and the heavenly bodies, we can avoid the ground restrictions, the atmospheric barriers and the effects of the magnetic and gravity fields and achieve the success which can never be achieved on ground. The use of aerospace technology in reconnaissance, alerting, communications, navigation, broadcasting, resource survey, weather forecast, geographic survey and mapping, environmental observations and so forth can be of great military value and economic benefits. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 25 Dec 82 p 4] 9411

**LARGE-SCALE INTEGRATED CIRCUIT**--An integrated circuit is a kind of micro-electronic component. Here the transistor, diode, resistance, capacitor and

inductor required in a circuit are made into a small transistor chip or porcelain chip. After being integrated, they are sealed up in a shell-tube and become a microstructure with the required performances. An integrated circuit comprising thousands of elements is called large-scale integrated circuit. Because of its advantage in being small in volume and its great reliability, it is now extensively used in the electronic equipment required by various sectors of the national economy and by the national defense industry. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 25 Dec 82 p 4] 9411

GENETIC ENGINEERING--This means the use of modern scientific methods to regroup the genetic materials at the molecule level, to transfer certain genetic materials from one living body to another, to change the genetic features of living bodies according to the will of people, and to create new varieties of living matters. The greatest advantage of this technology is that it helps people overcome the restrictions in the cross-breeding of different species and increase the possibility of directional creation of living bodies. For example, by studying the method of transferring the insulin genes from human bodies to microorganisms, we can later use the method of fermentation to produce insulin as a drug for the treatment of diabetes. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 25 Dec 82 p 4] 9411

GENE ENGINEERING--A gene is the basic unit in the genetic makeup of living bodies. It exists in the cell pigments and is arranged in a straight line. It has a decisive effect on the genetic features of living bodies. The new technology of separating, parting, regrouping and transfer of the genes of one certain living body to another in such a way that the latter's genetic features will turn out to be what people want is called gene engineering. The technology of gene engineering can be used in animal breeding, plant seeds cultivation and the production of insulin, growth hormone, interferon and vaccines for hepatitis and family planning. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 25 Dec 82 p 4] 9411

SCIENCE OF SCIENCE--This is a branch of learning for studying the law of the development of science itself. It is mainly concerned with the study of the system of structure of science, the position occupied and role played by science in the society, and the social and economic conditions for scientific development. The purpose of the study is to raise the management level of science. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 25 Dec 82 p 4] 9411

THEORY OF OPTIMAL POLICY DECISIONS--Optimal policy decision means the use of scientific methods, advanced technology and mathematic means in the administration of the national economy so that complex problems can be simplified into various mathematical models, which, after quantitative analysis and calculation, will provide data for many different plans for selection, in order that the policy decisions will have a scientific basis. The exposition of this optimal policy decision in theoretical terms is called the theory of optimal policy decision. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 25 Dec 82 p 4] 9411

STATUTES OF TECHNOLOGY--These are the specifications and detailed descriptions of products, materials and the technology required for their production written

down in the form of legal articles. They serve as the basic data in design, trial manufacture, production, use, custody and examination, and is an important type of infrastructural work in production and technical management. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 25 Dec 82 p 4] 9411

SYSTEM OF ROYALTIES FOR SCIENTIFIC ACHIEVEMENTS--The unit making use of the fruit of scientific research should pay certain remunerations to the unit transferring it. This is in accordance with the system of royalties for scientific achievements. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 25 Dec 82 p 4] 9411

## X. PEOPLE'S LIVELIHOOD

EMPLOYMENT STRUCTURE--This means the distribution of laborers among various sectors of the national economy and various economic forms. For example, 80 percent of our present social laborers are engaged in agriculture, and approximately 20 percent of them are employed in units owned by the whole people. The employment structure is determined by the level of the social productive forces, the line-up of the national economic sectors, and the structure of the systems of ownership. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 25 Dec 82 p 4] 9411

LABOR SERVICE COMPANY--This is a social labor organization for handling the problem of employment of youths in cities. Its main tasks are: the registration of youths awaiting jobs; the work of organization, administration and job recommendation; the vocational training of youths awaiting jobs; their assignment to temporary jobs; and helping them to engage in collective and individual economic undertakings. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 25 Dec 82 p 4] 9411

PEASANTS' NET INCOME--This means the peasants' annual income from various sources (income in the nature of loans excepted). The income includes the following three portions: (1) income from the collective, namely, the total collective income minus the various expenditures, state taxes and the share retained by the collective; (2) net income from household agricultural and sideline occupation, namely, the total household agricultural and sideline occupation minus the expenses and state taxes; and (3) other income not in the nature of loans, including the income from state finance and the remittance from relatives abroad. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 25 Dec 82 p 4] 9411

PEASANTS' LABOR INCOME--This refers to the peasants' income from their labor services, such as their temporary labor in state-run units or urban collective units, their contracted labor, their participation in state engineering projects, their transportation and sales of commodities, their retail sales, their service as barbers and repairmen, and other forms of labor service. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 25 Dec 82 p 4] 9411

AVERAGE CONSUMPTION IN URBAN AND RURAL POPULATION--This means the annual per-capita consumption among the urban and rural population, or the amount of consumer goods in monetary terms required in people's material and cultural life.

This level of consumption is a comprehensive index reflecting the standard of living of people in cities and the countryside. This average consumption level is mainly decided by the production and distribution of national income and the total population. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 25 Dec 82 p 4] 9411

CONSUMPTION PATTERN--This refers to the proportions of different types of consumption which make up the total amount consumed by the people, such as the proportions of commodity consumption and noncommodity consumption by the urban population; the proportions of commodity consumption and consumption for self-sufficiency among the rural population; the proportions of food, clothing, daily necessities, fuel and so forth in the make-up of commodity consumption; and the proportions of rentals, cultural entertainment, medical treatment, and transportation in the make-up of noncommodity consumption. The pattern of consumption reflects the state of social and economic development and the standard of living of the urban and rural population. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 25 Dec 82 p 4] 9411

PEASANTS' SELF-SUFFICIENCY CONSUMPTION--This refers to the peasants products to be used as their own food and daily necessities, such as the grain and vegetables planted and eaten by the peasants themselves; the meat and poultry from the animals and fowls raised by themselves; and the other daily necessities which they produce for their own consumption. The ratio of peasants' self-sufficient consumption to their total volume of consumption is declining along with the development of the rural economy and the increase in the percentage of commodities in agricultural and sideline products. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 25 Dec 82 p 4] 9411

PEASANTS' COMMODITY CONSUMPTION--This refers to the consumption of consumer goods purchased from the market by peasants. The increase in this type of consumption is mainly decided by the peasants' monetary income. The ratio of peasants' commodity consumption is rising along with the development of the rural economy and the increase in the percentage of commodities in agricultural and sideline products. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 25 Dec 82 p 4] 9411

RECUPERATION HOSPITALS--These are the special hospitals mainly intended for crippled patients, senile patients, patients with chronic diseases, patients with congenital disease and convalescent patients. Recuperative hospitals mainly provide physical therapy, speech therapy, psychiatry and similar methods to help restore the patients' physical functions as much as possible. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 25 Dec 82 p 4] 9411

[NATIONAL LAND] EXPLOITATION AND UTILIZATION--Briefly called national land utilization. National land is a general term for all the resources on the land surface, underground, in the airspace and in the seas within the sphere of the national sovereignty. National land exploitation and utilization mainly refers to the survey, exploitation, utilization, administration and protection of various resources. Proper exploitation and utilization of the resources can bring about maximum economic and ecological benefits and a harmonious development in population, resources and environment. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 25 Dec 82 p 4] 9411

ECONOMIC ZONE PLANNING--This means comprehensive analyses and studies on certain zones with innate economic relationships for the purpose of working out a general program of national economic and social development. The main task is to submit plans for national land exploitation and utilization, economic construction, the deployment of productive forces, the layout of cities and the distribution of population. Economic zone planning provides important data and the basis for the drafting of long-range plans for national economic and social development. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 25 Dec 82 p 4] 9411

NATURE PRESERVE AREAS--To protect certain typical animal and plant resources or certain natural landscapes of special scientific significance and economic value, the state prohibits or restricts production or business activities within certain areas. Nature preserve areas are of different types, such as preserve areas for rare animals or plants, natural or historical sites, scenic spots and so forth, according to their different purposes. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 25 Dec 82 p 4] 9411

ASTRONOMIC GEODETIC NETWORK AND ITS INTEGRAL BALANCING--Astronomic geodetic network refers to the system of permanent landmarks, or geodetic points within the entire national territory in geodesy. Surveys on the angles, lengths, astronomic aspects and the gravity of the adjacent geodetic points are also carried out in order to determine their precise positions in the unified national system of coordinates and to form them into a network. Astronomic geodetic network is mainly used for surveying and for making topographic maps and for serving construction and scientific research. The method of using the data related to all the angles, lengths, astronomic aspects and gravity in the network and coordinating these data in a unified system is called astronomic geodetic network balancing. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 25 Dec 82 p 4] 9411

ECONOMIC COOPERATION--This refers to the economic relationship of reciprocity, mutual benefit and supply of one another's needs between different regions and different departments, between regions and departments and between different enterprises on the basis of mutual agreement and recognition of each other's material interests and under the guidance of state plans. It includes the exchange and transfer of funds, materials, technology and other means of production; and economic cooperation in the spheres of production, construction, circulation and scientific research across regional and trade boundaries. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 25 Dec 82 p 4] 9411

TECHNICAL COOPERATION--This refers to the transfer of scientific know-how, production technology and business management experiences from the advanced regions or enterprises to their backward counterparts. The main forms of cooperation are technology transfer, technology export, consultation service, personnel aids and personnel training. These activities will help raise the production efficiency and economic benefits of the backward regions or enterprises. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 25 Dec 82 p 4] 9411

SATELLITE TOWNS--These are the small towns or residential areas set up at some distance around, and closely related to, large cities. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 25 Dec 82 p 4] 9411

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The "Terms Used in Sixth Five-Year Plan" are defined by the "Editing Group for the Definition of Terms" under the State Planning Commission. These terms have now been completely published.

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